

1898.
NEW ZEALAND.

PUBLIC ACCOUNTS COMMITTEE

(REPORT OF THE) ON THE QUESTION OF ESTABLISHING A PACIFIC-CABLE SERVICE,
TOGETHER WITH MINUTES OF PROCEEDINGS AND APPENDICES.

Report brought up on 30th August, 1898, and ordered to be printed.

ORDERS OF REFERENCE.

Extracts from the Journals of the House of Representatives.

TUESDAY, THE 5TH DAY OF JULY, 1898.

Ordered, "That Standing Order No. 211 be suspended, and that a Committee, consisting of fourteen members, be appointed to examine into and report upon such questions relating to the Public Accounts as they may think desirable, or that may be referred to them by the House or by the Government and also into all matters relating to the finances of the colony which the Government may refer to them; five to be a quorum: the Committee to consist of Mr. J. Allen, Mr. Duthie, Mr. Fisher, Mr. Fraser, Mr. Graham, Mr. Guinness, Hon. W. J. M. Larnach, Mr. McLean, Mr. McNab, Mr. Montgomery, Captain Russell, Mr. Tanner, Hon. J. G. Ward, and the mover."—(Rt. Hon. R. J. SEDDON.)

TUESDAY, THE 2ND DAY OF AUGUST, 1898.

Ordered, "That the question of establishing a Pacific-cable service be referred to the Public Accounts Committee."—(Rt. Hon. R. J. SEDDON.)

R E P O R T.

THE Public Accounts Committee, to whom was referred the question of establishing a Pacific-cable service, has the honour to report that, in the opinion of the Committee,—

1. It is desirable that telegraphic communication between England and New Zealand *via* Canada and the Pacific should be established.

2. The Colony of New Zealand should agree to join with such of the Australian Colonies as are prepared to do likewise, upon the basis of a guarantee of four-ninths of the cost of construction and annual deficiency (if any) by such colonies, New Zealand's proportion of the guarantee not to exceed in any case one-eighth of the whole cost.

3. For the purpose of working the cable, it is desirable that a central authority should be empowered, on behalf of the contributing countries, to carry out the laying and working of a cable across the Pacific.

4. The maximum rates for ordinary messages between New Zealand and the United Kingdom should be 3s. per word; for Government messages, 2s. per word; for Press messages, 1s. per word and 6s. per hundred words.

5. The construction, control, and maintenance of the cable should be intrusted to the Canadian Government, upon the understanding that each contributing colony shall have the right to be represented and to vote upon all matters appertaining to policy, acceptance of tenders, or anything material in the management of the cable.

6. The contributing country and colonies should jointly own and control the cable.

7. It is desirable that, with a view of furthering the establishment of a Pacific-cable service, a conference of representatives from the several countries concerned should be held in New Zealand at an early date.

30th August, 1898.

W. J. M. LARNACH, Chairman.

MINUTES OF PROCEEDINGS.

WEDNESDAY, 27TH JULY, 1898.

The Committee met pursuant to notice.

Present : Mr. Duthie, Mr. Fisher, Mr. Fraser, Mr. Graham, Mr. Guinness, Hon. W. J. M. Larnach, Mr. McLean, Mr. McNab, Mr. Montgomery, Captain Russell, Rt. Hon. R. J. Seddon, Mr. Tanner, and Hon. J. G. Ward.

The order of reference having been read by the Clerk, the Rt. Hon. R. J. Seddon moved, and it was resolved, That the Hon. W. J. M. Larnach be Chairman of the Committee.

The Committee then adjourned till further notice.

THURSDAY, 4TH AUGUST, 1898.

The Committee met pursuant to notice.

Present : Hon. W. J. M. Larnach (Chairman), Mr. Fraser, Mr. Graham, Mr. Guinness, Mr. McNab, Mr. Montgomery, Captain Russell, Rt. Hon. R. J. Seddon, Mr. Tanner, and Hon. J. G. Ward.

The minutes of the previous meeting were read and confirmed.

The Clerk read the order of reference referring the question of the establishment of a Pacific-cable service to the Committee.

Resolved, on the motion of the Hon. J. G. Ward, That a return be procured showing, with regard to cablegrams both between New Zealand and England and between New Zealand and Australia,—(1) Press rates, Government rates, and commercial rates separately; (2) revenue received separately; and (3) the number of messages separately since the reduction in charges: also a return giving similar information for a like period previous to the reduction in charges.

Resolved, on the motion of the Hon. J. G. Ward, That application be made to the Eastern Cable Company, pointing out that the colony are past contributors and guarantors, and requesting them, as a matter of courtesy, to let the Committee have copies of their balance-sheets for the last eight years.

Resolved, on the motion of the Rt. Hon. R. J. Seddon, That the papers in the hands of the Postal Department referring to the establishment of a Pacific-cable service, and not being confidential, be printed and circulated amongst the Committee.

Resolved, on the motion of the Rt. Hon. R. J. Seddon, That maps be procured showing,—

- (1.) The existing cable-lines between England and Australasia;
- (2.) The proposed cable-line between England, the Cape of Good Hope, and Western Australia;
- (3.) The proposed route of the Pacific cable;
- (4.) The existing cable-line between France and New Caledonia;
- (5.) The existing cable-line between America and Honolulu:

such maps to show the points of touching and transmission.

The Committee then adjourned till further notice.

WEDNESDAY, 24TH AUGUST, 1898.

The Committee met pursuant to notice.

Present : Hon. W. J. M. Larnach (Chairman), Mr. Duthie, Mr. Fraser, Mr. Graham, Mr. McLean, Mr. McNab, Mr. Montgomery, Captain Russell, Rt. Hon. R. J. Seddon, and Hon. J. G. Ward.

The minutes of the previous meeting were read and confirmed.

Resolved, on the motion of the Hon. J. G. Ward, That the balance-sheets of the Eastern Extension Australasia and China Telegraph Company for the past eight years be printed and circulated.

Resolved, on the motion of the Hon. J. G. Ward, That the maps supplied to the Committee by the Postal Department be lithographed and circulated.

The Hon. J. G. Ward gave notice that he would move at the next meeting of the Committee that,—

- (1.) In the opinion of this Committee it is desirable that telegraphic communication between England and New Zealand *via* Canada and the Pacific should be established.
- (2.) That the Colony of New Zealand should agree to join with such of the Australian Colonies as are prepared to do likewise upon the basis of a guarantee of four-ninths of the cost of construction and working-expenses.
- (3.) That for the purpose of working the cable it is desirable that a central authority should be empowered upon behalf of the contributing countries to carry out the laying and working of a cable across the Pacific.
- (4.) That in the opinion of the Committee this should be intrusted to the Canadian Government, upon the understanding that each contributing colony have the right to be represented and to vote upon all matters appertaining to policy, acceptance of tenders, or anything material in the conducting of the cable.
- (5.) That New Zealand's share of the guarantee should be a maximum of £20,000 per annum.

Resolved, on the motion of the Rt. Hon. R. J. Seddon, That this Committee meet at 10.30 a.m. to-morrow for the special purpose of considering the Pacific-cable question.
The Committee then adjourned till 10.30 a.m. to-morrow.

THURSDAY, 25TH AUGUST, 1898.

The Committee met pursuant to notice.

Present: Hon. W. J. M. Larnach (Chairman), Mr. Duthie, Mr. Fisher, Mr. Fraser, Mr. Graham, Mr. Guinness, Mr. McLean, Mr. McNab, Mr. Montgomery, Captain Russell, Rt. Hon. R. J. Seddon, Mr. Tanner, and Hon. J. G. Ward.

The minutes of the previous meeting were read and confirmed.

The Government Printer attended, and gave information to the Committee concerning the printing of documents and maps ordered at the previous meeting.

The Hon. J. G. Ward, having obtained leave from the Committee to amend the motion of which notice was given by him yesterday, moved as follows:—

That, in the opinion of the Committee,—

- (1.) It is desirable that telegraphic communication between England and New Zealand *via* Canada and the Pacific should be established.
- (2.) The Colony of New Zealand should agree to join with such of the Australian Colonies as are prepared to do likewise, upon the basis of a guarantee of four-ninths of the cost of construction and annual deficiency (if any) by such colonies, New Zealand's proportion of the guarantee not to exceed in any case one-eighth of the whole cost.
- (3.) For the purpose of working the cable it is desirable that a central authority should be empowered, on behalf of the contributing countries, to carry out the laying and working of a cable across the Pacific.
- (4.) The maximum rates for ordinary messages between New Zealand and the United Kingdom should be 3s. per word; for Government messages, 2s. per word; for Press messages, 1s. per word and 6s. per hundred words.
- (5.) The construction, control, and maintenance of the cable should be intrusted to the Canadian Government, upon the understanding that each contributing colony shall have the right to be represented and to vote upon all matters appertaining to policy, acceptance of tenders, or anything material in the management of the cable.
- (6.) The contributing country and colonies should jointly own and control the cable.

Mr. Montgomery then moved, by way of amendment, to add the following words: "That it is desirable that a sinking fund should be established out of profits to redeem the liability of the contributing countries on their guarantee." On the question being put, That the words proposed to be added be so added, a division was called for, and the names were taken down as follows:—

Ayes, 3: Mr. McLean, Mr. Montgomery, and Captain Russell.

Noes, 9: Mr. Fisher, Mr. Fraser, Mr. Graham, Mr. Guinness, Hon. W. J. M. Larnach, Mr. McNab, Rt. Hon. R. J. Seddon, Mr. Tanner, and Hon. J. G. Ward.

And so it passed in the negative.

The Hon. J. G. Ward's motion was then put and carried.

Resolved, on the motion of the Hon. J. G. Ward, That it is desirable that, with a view of furthering the establishment of a Pacific-cable service, a conference of representatives from the several countries concerned should be held in New Zealand at an early date.

Resolved, on the motion of the Rt. Hon. R. J. Seddon, That the above resolutions be reported to the House, and that the Chairman be requested to ask leave of the House to lay the evidence on the table at a later date.

The Committee then adjourned till further notice.

TUESDAY, 30TH AUGUST, 1898.

The Committee met pursuant to notice.

Present: Hon. W. J. M. Larnach (Chairman), Mr. Fraser, Mr. Graham, Mr. Guinness, Mr. McNab, Mr. Montgomery, Rt. Hon. R. J. Seddon, Mr. Tanner, and Hon. J. G. Ward.

The minutes of the previous meeting were read and confirmed.

A letter from the Government Printer having been read by the Clerk, *Resolved*, on the motion of the Rt. Hon. R. J. Seddon, That the resolution passed on the 24th August with regard to the printing of maps be rescinded so far as it applies to the map showing the proposed route of the Pacific cable.

APPENDIX A.

PAPERS LAID BEFORE THE COMMITTEE ON THE PROPOSED PACIFIC CABLE.

No. 1.

The Hon. AUDLEY COOTE, Sydney, to the Hon. the POSTMASTER-GENERAL, Wellington.
Waverley Park, Sydney, — May, 1898.

Re *Pacific Cable*.

DEAR SIR,—

I have the honour to bring under your notice an article which appeared in the *Electrical Review* on the 4th and 18th March of this year under the title "The Empire and Telegraph-cables." I enclose herewith a reprint of the article, which will, I feel sure, be of special interest to you just now, when the British Government has under consideration the proposal from the Premiers of Australia in respect of the Pacific cable.

It is my intention to hand the article as well to the Australian Press, as their interests, although of less Imperial importance than those of the Governments of Australasia and Canada, must also be furthered by the carrying-out of the project which I have so long advocated—viz., the completion of the link still wanting in the chain of telegraph-cables encircling the globe, and the connection on that link of the colonies of Australasia and the great islands of the Pacific Ocean.

I have, &c.,

The Hon. the Postmaster-General, Wellington, New Zealand.

AUDLEY COOTE.

Enclosure in No. 1.

THE EMPIRE AND TELEGRAPH-CABLES.

[Reprinted from *The Electrical Review*.]

In the varying accounts of a new and important scheme of telegraph-cables which have lately been widely circulated among the Press throughout the colonies as well as in England there is to be found sufficient internal evidence to warrant us in concluding that all of these emanate from a single source. Although differing somewhat in the manner in which the statements are presented, as well as in the style of treatment, still, in the main body of these paragraphs and articles the recurrence of the same prejudiced and garbled statements all point to a common source of origin. We have frequently dealt in detail with the numerous points raised, but, as the subject has assumed a more interesting aspect lately, owing to the aggregation of errors which are now being so widely disseminated, it is, perhaps, well that the more important of these should again be treated of at the present time.

The subject of a system of submarine cables, which, starting from England, would be carried on to Cape Town, touching only at the various British possessions on the way, is not a new one, nor is the proposed continuation of such a line from Natal to Australia, *via* Mauritius, Rodriguez Island, and the Keelings, a new conception. A somewhat similar scheme was fully dealt with by Mr. Hofmeyr when representing the Cape of Good Hope at the Imperial and Colonial Conference held in London in 1887, and was recommended by him as an addition to the scheme for a cable across the Pacific Ocean from Canada to Australasia, which was one of the principal subjects before the Conference. This additional scheme, which, as a supplement to the Pacific cable, it may be remembered, was rendered necessary by the inefficiency of, and frequent interruptions to, the then existing system of cables, has lately assumed an importance which ten years ago it did not possess.

About the time of the first Colonial Conference it was the cables to Australia which were continually breaking down, but latterly the cables to the Cape have deprived them of the record for frequency of interruption, and therefore the supplementary scheme referred to by Mr. Hofmeyr is strongly advocated by the Eastern Extension Telegraph Company, the Eastern Telegraph Company, and its offshoot the Eastern and South African Telegraph Company, the latter of which suffers both in purse and reputation owing to the frequency of interruptions to the Cape cables.

The point to which we take most serious objection is that the popular advocates of Mr. Hofmeyr's project hope to advantage their cause by a continuance of the system of inaccuracy in figures and statements advanced, and by so doing to prejudice opinion against the Pacific cable route. For example, it used to be roundly asserted that the depth through which a Pacific cable would have to pass was "estimated at 12,000 fathoms (or fourteen miles) in some places." This assertion was contained in a note from the Postmaster-General of South Australia to his Government, and, coming from such a source, aroused a natural objection on their part to examine any further into the matter, more especially when the same authority further asserts, in the same note, with a courageous confidence worthy of a better cause, that "as the Government are aware, I have given this subject very great and careful consideration—more so, perhaps, than any one else." We

are glad to see that this figure (an utterly imaginary one) is now reduced, by others better informed, to "a depth of five miles;" it is not, however, made clear by these recent critics that this latter depth (which really does exist) occurs in an isolated depression which is more than 600 miles away from the proposed Pacific cable route. We may mention here that there are two cables lying in West Indian waters which were laid within sixty miles from a similar depression, more than four miles and a half in depth, and one of them has been working for over twenty-five years without giving any exceptional trouble. An unbiassed examination of the Admiralty charts will prove to any one that along the proposed route of the Pacific cable the general depth to be expected in the deepest sections averages about 2,700 fathoms, and that the greatest depth would in all probability not be more than 3,200 fathoms—a depth, we may say, no greater than that in which a cable has recently been laid between New York and Hayti, and about the same as that met with along the line of the Government-supported cable which has just been laid from Bermuda to Jamaica. The Pacific cannot, therefore, be looked upon as an ocean of impossible depths, nor one where a cable cannot be picked up if necessary; indeed, experience teaches us that a cable has been picked up at the depth mentioned. The route sketched out *vid* the Cape to Australia has, as yet, been but very imperfectly surveyed; it seems, however, to have an average depth similar to that through the Pacific Ocean, and in one place at least along the Cape line there is a depth of nearly 3,200 fathoms. Thus it will be seen that as regards depth of water the supplementary route has absolutely no advantage over the Pacific line.

It is true that a cable between Vancouver and Fanning Island would be longer than any one length suggested for the supplementary route, but the length required would exceed by less than 250 miles that of a cable at present being laid across the Atlantic, and would in reality be about 250 miles less in length than the advocates of the Cape route make it out to be. The following quotation from an Australian paper is another sample of the class of information circulated. Referring to the Vancouver-Fanning Island section, we are told, "This section is practically twice the length of the longest section of the 'Cape' proposal." Now, this is an utterly misleading statement, as the real length of the section spoken of is here increased, for the purpose of condemning it, by some 1,200 miles. As the writer in this case illustrates his article by a map on which the proposed lengths of "the Cape route" are all carefully set down, it seems incredible that he should be so ignorant as he would appear to be regarding the original scheme, which he criticizes adversely. It has also been said that, being a "single line," the Pacific cable has no alternative in case of interruption; but those who, in their anxiety to furnish objections, advance this as an argument seem to forget that, if correct, the same objection also applies to the proposed single line from the Cape, and that, should either of these single lines break down, the already existing cables to Australia would afford more or less useful alternatives to one as much as to the other of these proposed single lines.

We have dealt with some of the more prominent of the objections which are now being revived against a cable through the Pacific. The "enormous depths" of this ocean, it will be seen, are now discounted, and we even find it put forward, with an austere assumption of impartiality, that the great depth of water through which the Cape cable must pass would obviate the serious danger of interruption to which the existing lines to Australia are exposed in the shallow Java Sea. We quite agree with the opinion expressed that the present cables which pass through the Mediterranean would probably be rendered useless in case of warlike complications, as this did actually happen during the Egyptian war; but we would go still further and point out that the same objection applies with equal force to several sections along the proposed Cape route, which, in places, would necessarily have to lie in very shallow water, and where they could be easily cut by the enemy. Take, for example, the section which would pass off Brest, where, for more than 150 miles, all the existing lines to Africa and the East are in water of less depth than 100 fathoms; and through this dangerous belt it is now seriously proposed to lay a strategic cable. In the case of the Pacific scheme any such danger is quite avoided.

To turn to another aspect of the new "supplementary" scheme, we find that to carry it out some 13,700 miles of cable would be necessary, to which should be added 1,000 miles of land-line from Cape Town to Natal. We also find that the cable would be landed in no less than eleven different places—almost all points of weakness—the last being the town of Perth, in Western Australia. As opposed to this, we find in the Pacific that the length would only be 7,600 miles, and the landing-places only five in number, lying in a part of the ocean little frequented by foreign vessels of war, the cable terminating between the towns of Sydney and Brisbane, on the east coast of Australia. Should the cable bifurcate from Norfolk Island to New Zealand an additional length of 450 miles will be necessary, and an additional landing-place will be created. In continuation of this comparison, it should be borne in mind that the two existing cable routes to Australia converge at Java, and, bifurcating thence, end, one at Port Darwin in the north of Australia, the other at Roebuck Bay in the north-west of Western Australia. Thus we find that to reach the centres of the greatest population, which lie in the east and south-east of the continent, telegrams have to travel over very great lengths of land-lines. In the case of the Roebuck Bay cable there is a distance of about 3,300 miles to be traversed from that point before even Melbourne is reached, and more than 4,200 miles (about half the length of the Pacific cable) before Brisbane is reached. Again, a telegram *vid* Roebuck Bay, destined for the town of Burketown in Queensland, has to travel over a length of land-line which is greater than the distance between London and Calcutta, or several hundreds of miles more than the distance intervening between London and Vancouver. The land-wire from the Port Darwin cable-station is not so long, giving about 2,400 miles to Melbourne and 3,300 miles to Brisbane. It is now, we are told, proposed to land the "Cape" cable at Perth, the capital of Western Australia, which is more than 2,000 miles by land-line from Melbourne, and over 3,000 miles from Brisbane. On the other hand, in the case of a cable landing on the Pacific coasts of Australia the main centres of

population and commerce are within easy reach, Melbourne being only about 450 miles south of Sydney by land-line, while Brisbane is about 530 miles to the north. The great importance of these figures will be at once evident when we realise that the long land-lines from Port Darwin and Roebuck Bay, the only means by which telegrams from Europe can be forwarded at present, have been interrupted on no less than fifteen occasions during the last six months, the duration of each of these interruptions varying from a few hours to several days. In speaking recently of the Roebuck Bay land-line, Sir Charles Todd, the Postmaster-General of South Australia, says it "is acknowledged to be the worst line in Australia, the many fogs on the coast rendering it very hard to get signals through." It is thus clear that a Pacific cable would offer advantages which cannot reasonably be looked for, either in the case of existing cables, or in that of the proposed cable from the Cape. The land-lines in the compact group of colonies, Victoria, New South Wales, and Queensland, are numerous, and here reliance has not to be placed on long single wires, as in the cases above referred to. Duplicate communication with New Zealand can be easily assured by a short branch cable from Norfolk Island. The advantages above indicated are obvious, if we consider that the population in the south and east of Australia is about 4,200,000, who carry on a total export and import trade equal to about £120,000,000 annually, employing for this purpose some 17,000,000 tons of shipping. It would therefore seem beyond dispute that a cable landing right in the heart of this busy district is much more to be desired, and is much more worthy of support, than one which would terminate in Western Australia, in which vast area (eleven times the size of Great Britain) the total population, although increasing, is less than that of the town of Cardiff, and the trade and shipping correspondingly small, the exports and imports for 1896 being valued together at something over £8,000,000.

We propose to touch but lightly on the financial side of the question. We were informed through the Press that the cable to be laid *via* the Cape is to be carried out in return for "certain privileges." Some light has recently been thrown on the nature of these privileges, one of which seems to be the payment of £25,000 per annum by the Cape Government for twenty years; another being the prolongation of the annual subsidy of £32,400 which has been paid by the Australian Governments to the Eastern Extension Telegraph Company since 1879, and which, if not renewed, will lapse in July, 1900. There may be other concessions which have not yet come to light.

It is a question whether the limits of modesty are not being overstepped, when we remember that one of the companies concerned, *i.e.*, the Eastern Extension Telegraph Company, has already received from Australasia subsidies amounting to over £750,000; and that in the ten years ending December, 1896, the annual receipts of this company, which are now about £640,000 (including subsidies), have increased by £187,459, and this notwithstanding a reduction in rates of about 50 per cent., which was only brought about under great pressure. An allied company, the Eastern and South African Telegraph Company, of which almost the entire capital is held by the Eastern Telegraph Company, has received in subsidies from various Governments a total of considerably over £1,000,000. It is not, perhaps, a cause of wonder that even a far-fetched attempt should be made to secure the continuance of similar "privileges," but we do not think that it is at all in the interests of the colonies, or of England, to assist in the consolidation of any such monopoly.

We have dealt at this length with the subject as it seemed only fitting and just that, however useful a cable to Australasia *via* the Cape may be, the claims to superior utility, both strategic and commercial, of a cable *via* Canada to Australasia should not be undermined by the circulation of misleading information.

No. 2.

The SECRETARY, General Post Office, Wellington, to the Hon. AUDLEY COOTE.

SIR,—

General Post Office, Wellington, 2nd June, 1898.

I have the honour, by direction, to acknowledge the receipt of your letter of the — ultimo, forwarding a reprint of a newspaper article which appeared in the *Electrical Review* of the 4th and 18th March last under the title of "The Empire and Telegraph-cables." The Postmaster-General desires me to thank you for the article, which he has read with much interest.

I have, &c.,

The Hon. Audley Coote, Waverley Park, Sydney.

W. GRAY, Secretary.

No. 3.

Sir SANDFORD FLEMING, Ottawa, to the Hon. the PREMIER, Wellington.

(Telegram.)

Ottawa, 29th June, 1898.

SINCE writing you 23rd June [not printed] think advisable leave share Canada New Zealand open, and hope you will offer simply New Zealand will join Canada in making up quota of one-third. Could you instruct Agent-General to arrange proportions?

No. 4.

The AGENT-GENERAL to the Hon. the PREMIER.

(Telegram.)

London, 19th July, 1898.

CONFIDENTIAL: Pacific Cable.—Canadian Postmaster-General in London. Have ascertained Canadian views on cable friendly but indefinite. Agents-General Queensland, Victoria, New South Wales, myself glad have authority meet Imperial Government and Canada here at informal conference view facilitate adoption some scheme. No binding decision to be settled, but opinions on conference to be sent to respective Governments. Glad you authorise me accordingly.

No. 5.

The Hon. the PREMIER to the AGENT-GENERAL.

(Telegram.)

Wellington, 21st July, 1898.

PACIFIC CABLE.—Referring to your cablegram nineteenth, much pleasure authorising you confer with other Agents-General and representatives of Imperial Canadian Governments as proposed.

No. 6.

The Hon. the PREMIER, Melbourne, to the Hon. the PREMIER, Wellington.

(Telegram.)

Melbourne, 25th July, 1898.

CONFIDENTIAL.—I received the following telegram from our Agent-General, viz.: "London, 19th July.—Confidential: Pacific cable.—Canadian Postmaster-General now in London. I have ascertained Canadian views on cable friendly but indefinite. Agents-General for Queensland, New South Wales, New Zealand, and I would be glad to receive authority to meet Imperial Government and Canada here at informal conference, with a view to facilitate adoption of some scheme. No binding decision to be arrived at, but opinion of conference to be transmitted to respective Governments. Should be glad to know whether you will authorise me accordingly.—ANDREW CLARKE." Probably you received similar message. I replied that this Government had no objection to conference on terms proposed.

No. 7.

The Hon. the PREMIER, Wellington, to the Hon. the PREMIER, Melbourne.

(Telegram.)

Wellington, 25th July, 1898.

YES, I received a cable from our Agent-General same terms as yours, and replied that I saw no objection our Agent-General attending conference so long no committal.

No. 8.

The Hon. the PREMIER, Wellington, to the Hon. the PREMIER, Brisbane.

(Telegram.)

Wellington, 28th July, 1898.

PACIFIC CABLE.—Our Agent-General also instructed.

No. 9.

The AGENT-GENERAL to the Hon. the PREMIER.

(Telegram.)

London, 29th July, 1898.

PACIFIC CABLE CONFERENCE.—Suggest communicate Premier, Queensland. Only he and yourself can save scheme and secure for colonies reduced cable-rates. Outside Queensland and New Zealand every one lukewarm. Am convinced cable will pay from outset. Involve no burden taxpayers.

No. 10.

The Hon. the PREMIER and COLONIAL TREASURER, Sydney, to the Hon. the PREMIER, Wellington.

(Telegram.)

Sydney, 1st August, 1898.

HAVE received the following cable, dated the 29th July, from our Agent-General: "Pacific Cable: Informal conference held to-day. Canada represented by Postmaster-General and High Commissioner for Canada; New South Wales, Victoria, Queensland, South Australia, New Zealand by Agents-General. Canadian representatives suggested Canada would probably guarantee two-ninths

of total cost, but not more. Her Postmaster-General undertook to do his best for scheme on this basis. Imperial Government contribution will certainly not exceed one-third. Can Australasian Colonies guarantee remaining four-ninths? Please telegraph reply before 10th proximo. Please inform other Governments." Since receipt of above the following cable has been received: "Referring to my telegram of 29th July, I beg to point out that Imperial Government, Western Australia, and Tasmania were not represented at informal conference."

No. 11.

The Hon. the PREMIER, Wellington, to the Hon. the PREMIER, Sydney.

(Telegram.)

Wellington, 4th August, 1898.

PACIFIC CABLE.—Your message first received. Kindly let me know replies from other colonies, and what your colony prepared to do. New Zealand strongly favours the Pacific cable.

No. 12.

The Hon. the PREMIER, Wellington, to the Hon. the PREMIER, Brisbane.

(Telegram.)

Wellington, 4th August, 1898.

PACIFIC CABLE.—Have received message from Agent-General conveying purport of suggestion made by conference, of which you, no doubt, have also been advised. I am most anxious to co-operate, and to see the scheme adopted. Have referred matter to Committee of House of Representatives for consideration and report. I should be glad to have your views, and also to know support likely to be given by the other colonies.

No. 13.

The Hon. the PREMIER to the AGENT-GENERAL.

(Telegram.)

Wellington, 4th August, 1898.

PACIFIC CABLE and your telegram 29th: Matter now before Public Accounts Committee. Hope favourable reply in few days. Have communicated with Queensland.

No. 14.

PAPERS OF THE CANADIAN HOUSE OF COMMONS.

RETURN (No. 94) to an ADDRESS of the HOUSE of COMMONS, dated the 18th April, 1898, for a copy of the Report of the Committee appointed by the Imperial Government in 1896 to consider the question of a telegraph-cable between Canada and Australasia; also, of any reports or correspondence to the Canadian Government from the Canadian representatives on said Committee, or Sir Sandford Fleming, in regard to the same subject.

By order.

R. W. SCOTT, Secretary of State.

SIR,—

Department of Trade and Commerce, Ottawa, 21st May, 1898.

I have the honour to hand you herewith a return to an address of the House of Commons of the 18th of April ultimo, "for a copy of the report of the Committee appointed by the Imperial Government in 1896 to consider the question of a telegraph-cable between Canada and Australasia," &c., in so far as the Government is at liberty to publish the same.

The report itself asked for is held as confidential, under instructions from the Imperial authorities not to publish until permission is given to do so.

A recent cable to the High Commissioner stating that a call had been made for the report brought a reply to the effect that the Treasury considers it inadvisable to publish the report before Her Majesty's Government have arrived at a decision as to the policy to be adopted.

The other papers called for are herewith complete.

I have, &c.,

W. G. PARMELEE, Deputy Minister.

Joseph Pope, Esq., Under-Secretary of State, Ottawa.

REPORT of SANDFORD FLEMING to the Hon. the MINISTER of TRADE and COMMERCE.

SIR,—

Ottawa, 30th January, 1897.

On the 21st October last I had the honour to be officially notified by you of my appointment, by Order in Council, associated with Sir Donald A. Smith and the Hon. Alfred G. Jones, to represent the Canadian Government at the Pacific Cable Conference to meet in London at an early date. Leaving Ottawa the following day I was able to report myself at the Colonial Office on the 3rd November.

Before the Imperial Cable Committee could be called together a difficulty presented itself. In accordance with the original design of the Secretary of State for the Colonies, it had been determined that there should be two representatives for Canada, two on the part of the Australasian Colonies, and two for the Home Government. As it was held to be expedient to adhere to this arrangement it became necessary to reduce the number of the Canadian representatives.

Recognising the importance of the Dominion being represented on the Imperial Committee by the High Commissioner and an ex-Minister of the Crown of the status of Mr. Alfred Jones, I expressed my willingness to retire. On Wednesday, 7th November, I wrote the Secretary of the Committee to that effect, and requested him to inform the Chairman, Lord Selborne, that, as Mr. Laurier, the Premier, had been good enough specially to ask me to assist in the business of the Committee, I was prepared to meet his wishes and those of the Committee itself as far as I was able, and as might be considered expedient.

On 9th November I learned by telegraph from Ottawa that the Order in Council appointing me one of the Canadian representatives in conjunction with Sir Donald A. Smith and the Hon. A. G. Jones had been cancelled, and that a new order had been passed appointing these two gentlemen to serve on the Committee, and myself to act as expert adviser.

On 10th November I received a note from the Secretary of the Committee in reply to my letter of the 7th, conveying, on behalf of Mr. Chamberlain and Lord Selborne, an expression of their thanks, asking me to attend the first regular meeting of the Committee.

The Committee met to receive evidence on the 12th November. I appeared as the first witness, when I submitted my views as they are set forth in Statement No. 1 appended. My examination continued throughout the sitting, as will appear in the printed proceedings.

The investigation was continued from week to week until the middle of December. At the conclusion of the examination of witnesses I placed in the hands of the Canadian representatives, on 16th December, a "note" reviewing the evidence and furnishing additional information which I considered would be useful to the Committee. Had I been recalled I would have embraced the opportunity of submitting this additional information as part of my evidence, for the reason that the facts presented throw light on points of importance, and remove doubts as to the weight which should be attached to the testimony of some of the witnesses.

I beg leave to refer you to my "note" of 16th December, which I append, and ask you to consider it part of this report. (See Statement No. 2.)

With your permission I will briefly summarise the results of the investigation :—

1. All doubts as to the practicability of laying an electric cable from the western coast of Canada to the Australasian Colonies, touching only on islands in the possession of Great Britain, is now entirely set at rest. The best authorities known were examined, and not one of them expressed the least misgiving on this point.

2. It has been definitely ascertained that the total cost of a cable of the type recommended would be less than one and a half million pounds sterling (£1,500,000).

3. The evidence goes to show that the annual charges, including interest on capital, allowance of maintenance and renewal, sinking fund to provide for the replacement of capital in fifty years, together with all ordinary working-expenses, would not exceed the following amounts: Interest at $2\frac{1}{2}$ per cent., £37,500; maintenance and renewal, £70,000; sinking fund, £15,386; working-expenses, £22,114: total annual charges, £145,000.

4. With respect to the earning capability of a cable of the Lord Kelvin type, this is fully discussed in my "note" of 16th December. All the best evidence establishes that, worked with modern transmitting and receiving apparatus precisely as the Atlantic cables are now worked, the Pacific cable would be capable of transmitting twelve paying words per minute. At this rate the cable, fully employed for eighteen hours a day and three hundred days in the year, would transmit 3,888,000 paying words in twelve months. Moreover, this is not the full capacity of the cable, as there would be nothing to prevent it being worked twenty-four hours each day, if business required. It is obvious, therefore, that the cable proposed to be laid would have ample capacity for transmitting a full share of the business for a considerable number of years to come. The whole telegraph traffic between Australasia and Europe in 1895 did not exceed 1,948,369 words, and it is not claimed that more than one-half of the whole would be diverted to the new route. The returns for 1896 have not yet been received.

5. The revenue cannot be definitely ascertained. We have, however, in the existing business, and in statistics respecting its continual growth, excellent data for forming fairly reliable estimates. The Government returns indicate a remarkable vitality in telegraphy between these distant colonies and Great Britain. Notwithstanding the very high charges exacted from 1875 to 1890, never less than 9s. 4d. per word, the number of words transmitted increased within each period of five years 11 per cent. per annum, and during the whole fifteen years the growth was equal to an annual average of 16·8 per cent. Since 1890 the tariff has been lowered from 9s. 4d. to 4s. 9d. per word, and the average yearly increase for each of the five years ending with 1895 has been 27 per cent. While it is not to be expected that this extraordinary growth will be continued indefinitely, there can be no reasonable doubt that a still further reduction in charges on messages, consequent on the completion of the Pacific cable, will stimulate telegraphy and tend further to increase traffic for some time to come. I have already, on various occasions, presented my own views and calculations respecting the probable volume of business in future years. I need not repeat them here. I shall, however, submit carefully prepared estimates based on the opinion of others. In each case it will be assumed that the cable will be in working-order by the beginning of the year 1900, and the estimates will indicate the possible earnings for six years from that date. The gross earnings will be reckoned at the rate of 2s. a word, and from which will be deducted an expenditure of £145,000 annually, the sum considered sufficient to include all charges.

In Estimate No. 1 it is assumed that of the 1,948,369 words transmitted in 1895 the share of the Pacific cable would be 750,000 words, or 38½ per cent. of the whole, and that there would be an increase of traffic averaging 10 per cent. each year.

Estimate No. 1.

Year.		Gross Earnings. £	Annual Charges. £	Deficiency. £	Surplus. £
1900	...	120,788	145,000	24,212	...
1901	...	132,866	145,000	12,134	...
1902	...	146,153	145,000	...	1,153
1903	...	160,768	145,000	...	15,768
1904	...	176,845	145,000	...	31,845
1905	...	194,529	145,000	...	49,529
Totals	...	...	...	36,346	98,295
Net surplus by end of 1905					61,949

In Estimate No. 2 it is assumed that of the whole number of words transmitted in 1895 (1,948,639) the share of the Pacific cable would be 811,932 words, or about 41½ per cent., being the mean between one-third and one-half of the traffic, and that the annual increase will average 12½ per cent., the mean between 10 per cent. and 15 per cent.

Estimate No. 2.

Year.		Gross Earnings. £	Annual Charges. £	Surplus. £
1900	...	146,414	145,000	1,414
1901	...	164,715	145,000	19,715
1902	...	185,304	145,000	40,304
1903	...	208,470	145,000	63,470
1904	...	234,725	145,000	89,725
1905	...	264,066	145,000	119,066
Net surplus by end of 1905				333,694

When in London I deemed it important to obtain from leading Australians information bearing on the question of revenue. The steps taken are set forth in my note of the 16th December, and the information obtained is given in the appended paper, in which also will be found a list of the gentlemen who were good enough to favour me with their opinions. The following estimate (No. 3) is based on the opinions generally expressed, namely, that the Pacific cable will obtain 50 per cent. of the whole business, and that telegraph traffic will increase annually at the average rate of 15 per cent.

Estimate No. 3.

Year.		Gross Earnings. £	Annual Charges. £	Surplus. £
1900	...	195,960	145,000	50,960
1901	...	225,354	145,000	80,354
1902	...	259,157	145,000	114,157
1903	...	298,031	145,000	153,031
1904	...	342,735	145,000	197,735
1905	...	394,144	145,000	249,144
Net surplus by end of 1905				845,381

The calculations are made on the assumption that the cable will be completed and in operation by the beginning of 1900. Each of the three estimates shows a net surplus by the end of 1905 as follows: Estimate No. 1, net surplus earning by end of 1905, £61,949; Estimate No. 2, net surplus earning by end of 1905, £333,694; Estimate No. 3, net surplus earning by end of 1905, £845,381.

The data on which No. 1 is based have been taken with excessive caution, and I feel warranted in saying that the estimate itself may be regarded as a minimum estimate. No. 2 must be held to be an extremely moderate estimate. No. 3 is based on the general opinion of many gentlemen of high standing, the heads of great mercantile firms, and others familiar with Australasian trade and prospects. Such opinions must undoubtedly carry with them great weight. According to Estimates Nos. 2 and 3 the earnings of the Pacific cable for transmitting European-Australasian telegraph traffic would yield a surplus from the first year of its operation. In addition to a share of the Australasian-European business, the Pacific cable will be in a position to obtain all the traffic between Australasia, Canada, and the United States. There are no data to admit of any proper estimate being formed of the trans-Pacific new traffic, but it is not improbable that with a direct cable and low rates it will rapidly develop, and in a few years assume substantial proportions.

In concluding this summary of the results of the recent investigation, I feel fully justified in saying that the estimates of revenue establish beyond all doubt that the Pacific cable, if laid as a national undertaking under Government control, will be more than self-supporting.

The sums which form a charge on gross earnings in each case provide, it may be said, for a double replacement of capital. The allowance for maintenance insures the complete renewal of the cable in addition to meeting the cost of current expenses, and the sinking fund provides for the

extinction of the original loan when it matures. All surplus earnings may therefore be regarded as profit; but, as the national object to be attained in establishing the cable is not to realise dividends, the policy of the contributing Governments, when profits accumulate, will probably be to lower the tariff of charges, and by this policy confer additional benefits on trade and commerce.

I have, &c.,

SANDFORD FLEMING.

Hon. Sir Richard Cartwright, Minister of Trade and Commerce.

STATEMENT No. 1 (referred to in the preceding Report of Mr. Fleming), submitted in evidence to the Imperial Cable Committee, 12th November, 1896.

Before expressing my views generally on the Pacific cable, I am asked to relate to the Committee the circumstances which led to the proposal to span the Pacific Ocean by telegraph. I comply with the request with some hesitation, as I am obliged to allude to my personal connection with the matter. In referring to this part of the subject I shall confine my remarks to a very few brief sentences.

The projected submarine electric cable across the Pacific from the western seaboard of Canada has been before the public for many years. The proposal to extend a telegraph to Asia and Australia naturally followed the establishment of a trans-continental telegraph through the Dominion. So far back as 1863 the overland telegraph was projected in conjunction with the trans-continental railway. In that year the explorations for the eastern section of the railway, between Halifax and Quebec, were undertaken by the Imperial and Provincial Governments, and in 1871 the surveys westerly to the Pacific Ocean were commenced by the Government of the new Dominion. A few years after these dates the construction of the telegraph was proceeded with on each respective section. The Hon. Alexander Mackenzie, Premier and Minister for Public Works, was one of the first to take an active interest in the matter. Under his administration the policy was adopted of extending the telegraph from the waters of the St. Lawrence to the Pacific coast; and in 1874 the Government entered into contracts for constructing the telegraph in advance of the railway over nearly two thousand miles of territory.

Occupying the position of engineer-in-chief of the whole line of railway from Halifax on the Atlantic to Vancouver on the Pacific, the establishment of the overland telegraph came under my official charge, and in connection with my duties my attention was directed to the extension of the electric wire across the Pacific. It became plain to me that the national line of communication on which Canada was then expending so much would be incomplete without a connection with the telegraph systems of the countries beyond the Pacific Ocean, and it became equally clear that the spanning of the Pacific by an electric cable would prove of the highest importance to the whole Empire.

In the year 1879 I was called upon to visit London on public business with the then Premier, Sir John Macdonald. I had prepared a telegraph map of the world, with the projected line across the Pacific and its various eastern and western connections laid down thereon. I pointed out that by spanning the Pacific it would be possible to open up a new means of communication to be employed for purposes of general commerce at much lower rates than by existing channels; that it would at once complete the electrical girdle of the globe, and bring Great Britain, Canada, India, Australia, New Zealand, and South Africa into unbroken telegraphic touch of each other, entirely independent of the lines which pass through foreign European countries. Sir John Macdonald submitted the map and explained the proposal to Lord Beaconsfield, and I was led to understand that both Premiers were very favourably impressed with the project, and regarded it to be of great Imperial importance. I am fully warranted in saying that the Canadian Premier so regarded it until his death in 1892. Public attention was for the first time directed to a British Pacific cable in my report as engineer-in-chief of the Canadian-Pacific Railway, which was laid before Parliament in 1880. In this report the map referred to is reproduced on a reduced scale.

Much correspondence followed, to which it is not now necessary to allude. I will only remark that the route first projected was a northern one; this was owing to the absence of information respecting the Southern Pacific Ocean, and the impression which prevailed that physical difficulties existed which offered insuperable obstacles to the laying of a cable on a direct route between Canada and Australasia. In consequence of this impression it was designed to lay the cable from Vancouver to Japan, touching at islands in the Aleutian and Kurile Groups as mid-ocean stations. From Japan the connection with Australasia would be obtained by means of the telegraph to Singapore and the Eastern Extension Company's lines of telegraph.

Through the intervention of the Home Government, negotiations were opened with the view of securing one of the Kurile Islands. Japan was asked to transfer to the British Crown one of these islands in order that the telegraph-station should be under British protection. The cession of an island was not obtained, but permission to land at any suitable point in Yesso was granted, the landing to remain in charge of and under the protection of Japan. (See letter 14th December, 1880, from Sir Harry Parkes, and 23rd December, from Sir A. T. Galt.) An agent was sent to Washington, who, after some difficulty, obtained conditional landing privileges on one of the Aleutian Islands.

On the 1st March, 1881, the Government of Canada introduced certain resolutions in Parliament with the view of promoting the establishment of the cable. After discussion the resolutions were withdrawn and an Act passed incorporating a company to lay the cable. This company proved abortive, and when its charter expired, further information having meanwhile been obtained respecting the Southern Pacific, it was represented to the Canadian Government that the physical features of the Southern Ocean would admit of a cable being laid on a direct route from Canada to Australia, and that the long detour by the Aleutian Islands and Japan could be avoided. (See my letter of the 20th October, 1885.) Correspondence followed, and on the 8th June, 1886, an Order in Council was passed by the Canadian Government recommending that means be taken to obtain an expression of opinion on the projected direct cable to Australia from the several Governments concerned, and to ascertain what amount of assistance each would be prepared to give, and that for this purpose a conference of agents of the colonies be invited to discuss the subject. The co-operation of Her Majesty's Imperial Government was likewise sought.

On the 25th November, 1886, the Home Government summoned a Conference to meet in London the following year, to which the principal Colonial Governments were invited to send representatives. One of the questions to be specially considered was the development of telegraphic communications of utility to the Empire.

At the Colonial Conference held in 1887 the Pacific cable was specially considered, and resolutions were passed in respect thereto strongly favouring its establishment. The published proceedings of the Conference give the discussions at length.

Since the Conference of 1887 repeated efforts have been made to induce the Admiralty to make a complete survey of the bed of the ocean on the most direct route for the cable. A statement respecting the nautical survey appears in the report of the Canadian Minister of Trade and Commerce on his mission to Australia in 1893 (pages 106 to 122).

In 1888 the Canadian Government invited the Governments of Australia and New Zealand to send delegates to Canada to consider the question of telegraphic connection and trade relations. Correspondence resulted, when it was finally agreed that delegates should be sent from Canada to Australia. In 1889 the Hon. J. J. C. Abbott (afterwards Sir John Abbott, Premier of Canada) with several other gentlemen were appointed to proceed on this mission, but the proposed federation of the Australasian Colonies, then actively discussed, had the effect of postponing the visit. It was felt that the time was inopportune, and that it would be advisable to wait until the colonies would be united politically.

Early in 1893 a Postal and Telegraph Conference was held at Wellington, New Zealand, at which all the Australasian Colonies were represented, and resolutions were passed urging the establishment of a Pacific cable.

In September, 1893, the Canadian Minister of Trade and Commerce (the Hon. Mackenzie Bowell) was sent as a delegate to Australia to confer with the several Governments on the subject of the Pacific cable and the development of trade. A full account of this delegation will be found in the report on the mission to Australia (see pages 66 to 106).

As an outcome of the delegation to Australia, a Conference was held in Ottawa the following year (1894). At this Conference the Imperial Government, the Canadian, the South African, and all the Australasian Governments were represented.

The published proceedings of the Conference held in Ottawa in 1894 furnish a full account of the discussions. The following resolutions were passed in respect to the establishment of the Pacific cable: (1.) *Resolved*, That, in the opinion of this Conference, immediate steps should be taken to provide telegraphic communication by cable, free from foreign control, between the Dominion of Canada and Australasia. (2.) *Resolved*, That the Imperial Government be respectfully requested to undertake at the earliest possible moment, and to prosecute with all possible speed, a thorough survey of the proposed cable route between Canada and Australia; the expense to be borne in equal proportions by Great Britain, Canada, and Australian Colonies. (3.) *Resolved*, That it is for the interest of the Empire that, in case of the construction of a cable between Canada and Australasia, such cable should be extended from Australasia to the Cape of Good Hope, and for that purpose arrangements should be made between the Imperial and South African Governments for a survey of the latter route. (4.) *Resolved*, That, in view of the desirability of having a choice of routes for a cable-connection between Canada and Australasia, the Home Government be requested to take immediate steps to secure neutral landing-ground on some one of the Hawaiian Islands, in order that the cable may remain permanently under British control. (5.) *Resolved*, That the Canadian Government be requested, after the rising of this Conference, to make all necessary inquiries, and generally to take such steps as may be expedient in order to ascertain the cost of the proposed Pacific cable, and promote the establishment of the undertaking in accordance with the views expressed in this Conference.

Acting under instructions of the Conference of 1894, the Canadian Government invited cable-manufacturing contractors and others to state the terms upon which they would be prepared to lay and maintain in efficient condition a submarine electric cable across the Pacific from Canada to the Australasian Colonies. Proposals were invited in three different forms.

I herewith submit, for the information of the Committee, the detailed general conditions under which proposals were invited (see Appendix A); likewise the tenders subsequently received by the Canadian Government; likewise my report on the tenders, dated the 20th November, 1894, made at the request of the Minister of Trade and Commerce (see Appendix B).

Soon after the tenders were received I prepared a memorandum giving my views respecting the establishment of the cable. As these views are strengthened and confirmed by subsequent events, I beg leave to submit this memorandum to the Committee as part of the present statement:—

"*Memorandum*.—Ottawa, 1st December, 1894.—The information obtained since the meeting of the Colonial Conference in July last is of a character to call for special notice. The Conference, by the fifth resolution relating to the Pacific cable; requested the Canadian Government to take the necessary steps to urge forward the undertaking in accordance with the views expressed by the delegates and the resolutions passed by them. On the 10th September a special Commission was appointed by the Canadian Government to proceed to Honolulu, to enter into negotiations with the Hawaiian Government for the possession of a neutral landing-ground for the cable, should it be deemed expedient or desirable to touch at Honolulu or at some other island in the Hawaiian Group. The object was to obtain a choice of routes. While it was the decided feeling of the Conference that the cable should only touch islands on the route in the possession of Great Britain, there were technical as well as commercial reasons for obtaining the use of an island within the Hawaiian archipelago. The report on the mission submitted for the information of His Excellency the Governor-General, 15th November, points out that, while there is a fair prospect of obtaining the use of an island on conditions generally acceptable, the result of the mission remains undetermined, as it awaits the action of the United States Government, owing to a treaty engagement between the two countries. Consequently, as the matter at present stands, there is no alternative line which can be chosen. The route known as No. 1, touching at Fanning Island, is the only route open for adoption. The question of carrying the cable by way of Honolulu or some one of the Hawaiian Islands rests with the Hawaiian Government and the Government of the United States. As soon as the Hawaiian Government feels at liberty to enter into an agreement, such as that suggested during the recent mission, which would secure to them the advantages of telegraphic connection with the markets of the world, it will probably be heard from. Any offer it may make may be considered on its merits before contracts for laying the cable be entered into."

Tenders.

On the 6th August an advertisement appeared in the London newspapers asking for tenders. Cable-manufacturing contractors and others were invited by the Canadian Government to state the terms upon which they would be prepared to lay and maintain in efficient condition a submarine electric cable across the Pacific from Canada to Australasia.

Tenders have been received from some of the best and oldest firms; they establish four important desiderata: (1.) They set at rest all questions respecting the practicability of the project. (2.) They establish indisputably that Great Britain can obtain direct telegraphic communication with the British colonies of the Southern Hemisphere, without having resort to any soil not British territory. (3.) They clearly prove that there is no requirement for delay in order to make elaborate preliminary surveys, offers having been received from cable-manufacturers of the widest experience, who, with the information and data possessed, are prepared to lay the cable and guarantee its success. (4.) The tenders give definite information as to the cost of the undertaking; moreover, they furnish proof that the outlay of capital required is less than the amount which has been estimated.

The definite data thus obtained overcome all obstacles which were supposed to stand in the way of the first resolution passed by the Conference—viz., that "immediate steps should be taken to provide telegraphic communication by cable, free from foreign control, between the Dominion of Canada and Australasia." The Governments concerned are now placed in possession of information essential to the consideration of the best means necessary to the consummation of the project.

As there might be some divergence of opinion as to the best means to be taken to carry out the undertaking, the Canadian Government, in asking for proposals, intimated that offers would be received in three different forms, viz.:

—Form A: The cable to be owned and controlled by Government, to be worked under Government authority, and to be kept in repair by the contractor for three years. Form B: The cable to be owned, maintained, and worked by a company under a fixed subsidy for a term of years. Form C: The cable to be owned, maintained, and worked by a company under a Government guarantee of traffic for a term of years.

The only actual offers received are according to Form A. That no offers were received according to Forms B and C may be due to the fact that it was felt desirable to predetermine the maximum charges, so as to preclude a subsidised or traffic-guaranteed Pacific Cable Company amalgamating or combining with the existing company to the disadvantage of the public. It was stipulated that under Forms B and C the maximum rates to be charged on messages to and from Great Britain and the Australasian Colonies shall be 3s. per word for ordinary telegrams, 2s. per word for Government telegrams, and 1s. 6d. for Press telegrams. Trans-Pacific messages to be charged at proportionate rates. These are the rates agreed upon at the Postal and Telegraph Conference held in New Zealand in March last.

My opinion as to the best means of establishing the Pacific cable has been long given, and as early as the Colonial Conference of 1887. I submitted my views again at the recent Colonial Conference, and on occasions before and since that date I have explained the principles which in my humble judgment in view of the public interest should be followed. I do not think it necessary to repeat the arguments I have frequently used in favour of establishing the Pacific cable as a public undertaking, so that it may remain under Government ownership and control. I beg leave to refer to my remarks which the Minister of Trade and Commerce submitted in a memorandum, dated the 11th October, 1893, to the Australasian Governments, likewise to what I said at the Colonial Conference in June last (extracts are appended). On both occasions I pointed out that it would be unwise to subsidise a company, when the object could be attained more economically and far more advantageously to the public by other means. It has since been suggested, as an alternative to a subsidised company (Form B), to establish a company under a Government

traffic guarantee (Form C). That is to say, the company to be guaranteed a gross revenue from traffic for a term of years; the deficiency between actual earnings and the guaranteed earnings to be made good by the Governments each year. To my mind, this plan is scarcely less objectionable than the first mentioned. Let us, by way of illustration, assume that a company is formed under a Government guarantee of gross traffic equal to £200,000 per annum for a period of twenty-five years. What, in this case, would prevent the existing company and the new company entering into a secret pooling agreement by which it would be the policy of both to pass over the old line the great mass of the traffic, the object being to establish against the Governments each year of the twenty-five as large a claim as possible under the guarantee? I do not see that it would be possible to prevent the two companies amalgamating their interest in this or in some other way, and as a consequence a powerful monopoly would be built up to exact its own terms. Looking at the subject in all its bearings, the true plan, in my judgment, is to make the Pacific cable a public undertaking from its first construction. I am satisfied the more the subject is considered it must become clear that only by the observance of the principle of State ownership will the greatest public advantage be permanently obtained. If, in establishing the Pacific cable as a public undertaking, the co-operation of the Mother-country with Canada and the Australasian Colonies be secured, the most advantageous consequences will undoubtedly proceed from this arrangement. The first effect of co-operation would be in connection with the initial cost of the work, as a joint guarantee would admit of the required capital being raised at the lowest possible rate of interest. I have only to point to the Inter-colonial Railway of Canada as an illustration of the advantages attainable. In 1867 it was arranged between the Home Government and the Canadian Government to connect Quebec and Halifax by railway; for this purpose a loan of £3,000,000, bearing the Imperial guarantee, was effected at a low rate of interest, and by this means the Home Government rendered substantial aid in the construction of the National Railway of Canada without in any way drawing on the Imperial Exchequer. It can be clearly established that by the same principle of co-operation in the case of the Pacific-cable undertaking, to which so much importance has been attached as a means of bringing in closer affinity the distant portions of the Empire with the Mother-country, it can be successfully effected without in any way taxing the people of Great Britain, of Canada, or the Australasian Colonies.

Assuming that the principle of co-operation and State ownership be assented to, the capital may be raised by one of three modes, viz.: (1.) The whole amount may be raised by the Canadian, the Australian, and New Zealand Governments, and the interest in each case guaranteed by the Imperial Government; the relative liability to be borne by the Imperial, Canadian, and Australasian Governments, to be apportioned by mutual agreement. (2.) The whole capital may be raised by the Imperial Government; the payment of a sum equal to the interest on such portion of the capital as may be agreed upon, to be guaranteed by Canada and the Australasian Colonies in proportion to be determined. (3.) The capital may be raised on securities issued through the medium of an Imperial Colonial Cable Commission; a joint guarantee for the payment of interest to be given by the Imperial, the Canadian, and the Australasian Governments. It is obvious that by either of these modes the whole of the capital may be obtained at the very lowest rate of interest. The interest would be a first charge against revenue, which it can be shown will be ample for all purposes, but, as it is expedient to provide for every contingency, provision should be made for a deficit. The proportions in which any such possible deficit would be made up by each respective Government would be a matter to be determined by agreement. As several distinct Governments will be concerned in the project, it may be advisable, in order to meet the difficulty of joint ownership, to create an organization in which the administration would be centralised; an Imperial Colonial Cable Commission or trust, established by the authority of the several Parliaments. It might consist of three persons, representing the Imperial, the Canadian, and the Australasian Governments respectively, with authority determined by statutes, to obtain capital, and to assume responsibility for establishing the work and carrying it on when completed.

Among the tenders received is an offer from an old-established and reliable firm to lay the cable on Route No. 1, the all-British route by Fanning Island, for the sum of £1,517,000. This price includes maintenance and repairs for three years after the whole line shall have been completed and put in operation; consequently there would be no disbursements for these services during this period to be met by the earnings of the telegraph. The cost of working and interest on capital would be the only charges against revenue during the first three years after the cable shall have been laid. The cost of working has been estimated by Mr. Alex. Siemens at £24,000 for the operating staff and office expenses at each station. If we add to this 25 per cent. for management, the whole cost of operating would be £30,000 per annum. The interest-charges on the capital expended will depend upon the value the securities may obtain in the money-market. These securities, bearing the guarantee of the Imperial, Canadian, and Australasian Governments, would certainly be rated in no way inferior to Consols. Admitting this view, the rate of interest may be estimated at 2½ per cent.

Should the most costly of the several routes which have been spoken of be adopted—that is to say, the route by Fanning Island, with branches to New Zealand as well as Australia—I am unable to see with this tender before us, offering to complete it in every respect for £1,517,000, that the capital to be raised need exceed £1,600,000. This capital raised at 2½ per cent. gives £40,000 as the total interest to be met yearly. As it is advisable in forming an estimate of this kind to make full and complete provision for unforeseen contingencies of whatever kind, 10 or 12 per cent. may be added. In this view £45,000 may be considered the maximum interest-charge, to which, if we added £30,000 for working-expenses, we have the sum of £75,000 as the total fixed charges to be met by revenue in each of the three years after the cable shall have been opened for business.

Revenue.

The next question which demands an answer is: What constitutes a fair estimate of revenue? The subject of revenue has been diligently considered in all its bearings, and I have endeavoured to arrive at fair and reasonable estimates: these estimates have been based on carefully collated information respecting the existing telegraph business, which has been steadily and rapidly growing for nearly twenty years. I have submitted the views formed to men of experienced judgment in such matters, and of perfectly unbiassed minds. It is with confidence, therefore, that I refer to those estimates, supported, as they are, by the opinions of gentlemen in high official stations, whose sense of responsibility necessitates the utmost care and caution in arriving at conclusions. Along with my own views on the subject of revenue I have much satisfaction in appending letters referring thereto from the following gentlemen: (1) Mr. George Johnston, Statistician to the Dominion Government, Ottawa; (2) Mr. J. M. Courtney, Deputy Finance Minister, Ottawa; (3) Mr. W. Hepworth Mercer, Colonial Office, London.

The Dominion Statistician, after an examination of the official returns, gives precise information respecting the volume of telegraph business between Australia and Europe; he likewise presents evidence of its rapid growth, of which the following is an indication: 1875, total words transmitted, 235,160; 1875 to 1880, increase in words transmitted, 118,188; 1880 to 1885, increase in words transmitted, 184,007; 1885 to 1890, increase in words transmitted, 289,923; 1890 to 1893, increase in words transmitted, 574,015; 1893, total number of words transmitted, 1,401,293. This officer confirms my statements as to the volume of business, and more than bears out my estimate of the share of traffic which must become tributary to the Pacific cable. It will be seen from the letters of the other gentlemen that, after a careful examination of the data, they fully substantiate, as far as it is possible to do so, the estimates of probable revenue.

In my letter on this subject addressed to the Hon. the Minister of Trade and Commerce of the 20th July, 1894, I have set forth in detail the reasoning which justifies the view I take with respect to the business to be done by the Pacific cable, and I venture to think that the estimates submitted will be considerably within the actual revenue when it comes to be ascertained. According to these estimates the gross earnings in 1898, the first full year that the cable could be in operation, reckoned that the low tariff of 2s. per word would amount to £110,000; for the year 1899, £126,500; and for the year 1900, £143,000. If from these estimated yearly earnings we deduct in each case the fixed charges for interest and working-expenses of £75,000 we would have a surplus in 1898 of £35,000, in 1899 of £51,500, in 1900 of £68,000: showing a total surplus of £154,500 for the first three years the telegraph would be in operation. During the whole of this period the cable would be maintained by the contractor, and any expense

incurred in effecting repairs would form part of the contract sum to be paid to him. After the third year the cost of maintaining the cable would be a charge against surplus earnings, which I shall show would be ample for the purpose, and would, moreover, leave a considerable balance each year to be carried to a reserve fund.

The following table covers the remaining seven of the ten first years after the opening of the telegraph for traffic, and is computed on the principles set forth in the appended papers. The cost of repairs and maintenance, usually estimated at £6 per mile, would amount to £43,000 per annum. For this service I have allowed £50,000, which, added to interest and working-expenses, increases the charge against revenue to £125,000 per annum.

	Gross Earnings.	Charges	Surplus.
	£	£	£
Surplus for the three first years	..	..	154,000
1901	159,500	125,000	34,500
1902	176,000	125,000	51,000
1903	192,500	125,000	67,500
1904	209,000	125,000	84,000
1905	225,500	125,000	100,500
1906	242,000	125,000	117,000
1907	258,500	125,000	133,500
Total surplus in ten years	..	..	742,000

The estimate shows an increasing surplus year by year which is fully warranted by the data. That a surplus is a probable contingency is due mainly to the assumed low interest on capital; and the low rate of interest, so important a factor in the calculations, presupposes the identification of the Imperial Government with the Governments of Canada and the Australian Colonies in this Imperial-Colonial project. It is scarcely necessary to add that, although there is no probability of loss, or insufficiency of revenue to meet all charges, it is indispensable that the precise responsibility attached to the several Governments which co-jointly undertake the work should be clearly defined. I do not take upon myself to suggest the proportion of liability each may bear, as this must be a matter for diplomatic arrangement hereafter. It has been my object to show by the facts I have presented and the figures I have produced that a mutual effort on the part of Great Britain and the two great divisions of the colonial Empire can establish the Pacific cable with ease, and practically without cost to the taxpayer in either country.

That the estimates I have presented will be borne out by actual results I feel perfectly satisfied. I have based them chiefly on the business which already exists between Australasia and England, and which is year by year increasing with a very rapid growth. I have taken little or no account of the traffic which undoubtedly will spring up across the Pacific when the means of telegraphing at low rates is provided; a new traffic the whole of which will be tributary to the new line. I am satisfied that my estimates are reasonable and reliable: it has certainly been my aim to submit them in a form which time will substantiate and confirm. The first effect of the Pacific cable will be to confer a benefit on the merchants of Great Britain and Australasia, and, indeed, on the whole of that section of the community in both countries who resort to the use of the telegraph. This is obvious from the mere reduction in rates alone. The reduction from 4s. 9d. to 3s. per word will, within the first year after the Pacific cable shall be open, effect a gross saving in Australasia and the Mother-country of £190,000. This saving will be repeated annually, and will continually be augmented by the growth of business. Canada may look for gains of another kind and in another way. As Miss Flora Shaw has recently so well pointed out, Canada "commands the commercial high-road of two hemispheres," and perceiving the value of the position has taken means to secure its possession. But commerce can nowhere be developed without the ordinary facilities, and the telegraph is in this age the indispensable adjunct, and in some notable instances the actual pioneer of commerce. The mere laying of an electric cable between two opposite shores of an ocean has in our time become a comparatively commonplace affair, but to connect Canada with Australasia and New Zealand by telegraph has more than ordinary significance. The contemplated telegraph would greatly strengthen the commercial position of the lands connected by it, and would constitute a common bond between sister colonies now widely separated. In completing the "electric girdle" of the Empire the effect of the trans-Pacific cable would be far-reaching, and its influence would be incalculable. Not the least valuable consequence of the proposal submitted would be its high moral and political import. The co-operation of Great Britain, Canada, and Australasia in establishing this telegraphic connection would present itself to the world as an ideal "co-partnership" unparalleled in history, and it would furnish a striking development of Britannic unity, perhaps foreshadowing still more important developments in coming years.

The questions which the Committee are requested to consider and report their views upon are follows: (1.) Is the laying of a cable between Canada and the Colonies of Australasia practicable from a technical point of view? (2.) If so, what route should be selected for the cable? (3.) What will be the cost (a) of laying, (b) of maintaining the cable, (c) of the annual working-expenses? (4.) What revenue will arise from the traffic which may be expected to pass over the cable? (5.) Should the cable be owned and worked by Government or by a subsidised private company? (6.) If the cable were to be national property, what would be the proper method of management and administration? (7.) What should be the form of contract offered to a contractor for its construction?

I beg leave respectfully to submit the following remarks, having reference to the four first questions. I have already expressed my views on question No. 5 decidedly in favour of Government ownership. I do not presume to offer any opinion on the financial question or the method of administration. (1.) Doubts have been raised as to the possibility of passing messages through the section between Vancouver and Fanning Island on account of its unprecedented length, the distance being 3,240 miles, to which, if sufficient allowance for slack be added, the length of cable required will be about 3,600 miles, a length considerably exceeding that of any cable yet laid. Through the courtesy of Mr. Frederick Ward, manager in England of the Commercial Cable Company, I have had the question tested practically within the past few days. At my request Mr. Ward caused experiments to be tried through two of the main cables of his company. They were looped at Canso (Nova Scotia) so as to form a continuous cable-line from Waterville (Ireland) to Canso and back. The experiments were perfectly successful, messages were passed through the whole length of cable measuring 4,733 nautical miles, fully 1,100 miles greater than the Vancouver-Fanning cable; the result of this trial proves conclusively that there will be no difficulty in connection with the Pacific cable which cannot be overcome. The best possible evidence that the Pacific cable is practicable from a technical point of view is the fact that several of the most eminent cable-manufacturing contractors in the world have offered to furnish the cable, of a given capacity for conveying messages, to lay it on the bed of the ocean, and maintain it in efficient working-condition for three years for a specific sum. (2.) There is only one route open for adoption—viz., that known as the Fanning Island route. There is no immediate prospect of any other route being available. (3.) The lowest tender for manufacturing and laying the cable, on the Fanning Island route, and maintaining it in perfect working-condition for three years, is that of the Indiarubber, Gutta-percha, and Telegraph Works Company. This firm asks £1,517,000 for a twelve-word-per-minute cable, £1,672,000 for a fifteen-word-per-minute cable, and £1,880,000 for an eighteen-word-per-minute cable, maintenance for three years being included in each case (see Appendix B). (4.) The revenue to arise from the traffic which may be expected to pass over the cable would, I firmly believe, exceed the estimates submitted by me. I have estimated that there will be a surplus of £742,000 in the ten first years over and above interest on capital, working-expenses, repairs, and maintenance. The surplus would augment year by year in an increasing ratio, and would be placed in reserve for renewals at some remote period, or would otherwise be dealt with as the Governments may determine.

I have the greatest confidence in the estimates submitted by me, because I believe them to be based on correct data and calculated on sound principles. I have certainly striven to make them moderate, reasonable, and reliable. That the estimates are all that I claim for them, I beg leave to point out has been so far confirmed in a most striking manner. First, with respect to cost: In my letter written at Sydney, New South Wales, 11th October, 1893, and transmitted for the information of each of the Australasian Governments (see *Mission to Australia*, page 69), I placed the cost of the Fanning Island route at £1,978,000. Tenders for laying the cable on that route were received at Ottawa in November, 1894, and the highest prices in the tender I have mentioned range from £1,517,000 to £1,880,000, and those prices include the cost of maintaining the cable for three years. Second, with respect to traffic: In the same letter of the 11th October, 1893, I estimated that the total number of words which may be expected to be telegraphed between Australasia and Europe would be, in 1894 and 1895, 1,275,191 and 1,453,716 respectively (see page 71). Through the courtesy of the Postmaster-General of New South Wales, I have been placed in possession of the actual number of words transmitted in each of these years—viz., 1,323,241 in 1894, and 1,948,369 in 1895. These authentic returns establish conclusively that the actual business done has exceeded my estimate: that there has been an excess of traffic equal to 4 per cent. in 1894, and no less than 34 per cent. in 1895.

With respect to the proportion of traffic which would fall to the share of the Pacific cable, I beg leave to submit a letter addressed to the Minister of Trade and Commerce, Ottawa, eighteen months ago (28th December, 1894), and I ask that it may be held as part of the statement which I now make: "Referring to our conversation this morning on the subject of the Pacific cable, and more especially on the question of probable revenue, the point which you rightly considered of importance relates to the sources of revenue, and you asked upon what grounds I assumed in my estimates that the Pacific cable would obtain one-half the telegraph business between Australasia and Europe. You suggested as a possibility, from the fact that the existing lines of telegraph had been long established, that there would be business relations between the Eastern Extension Telegraph Company and the owners of the Australasian land-lines, perhaps an understanding or agreement, of such a character as would give the existing cable company exclusive control of European traffic collected throughout the colonies. In answer to this I have only to say that the land telegraphs in each one of the seven Australasian Colonies are owned and operated by the Governments under the Departments of Posts and Telegraphs. There cannot be any agreement of the kind referred to at present existing, and there is no probability of one being entered into. On the contrary, if the Pacific cable be established as proposed, through the co-operation of the Australasian Governments with Canada and Great Britain, the colonies would have a direct interest in the success of the new line, and every telegraph- and post-office throughout Australia and New Zealand would practically become offices or agencies of the Pacific cable. It is easy to be seen, therefore, that there would be a tendency to send European telegraph traffic collected at these offices (unless specially directed otherwise) by way of the Pacific cable in preference to the old route. There can be no doubt whatever that, with the Pacific cable established as proposed on the principle of State ownership, the several Governments at the source of traffic would have it in their power to direct telegraph business over the new line as they may desire. It does not follow that the power in the hands of the Governments would be unduly exercised to the injury of the Eastern Extension Company. No doubt a division of the traffic would for a time diminish the profits of that company, but the establishment of the new route would stimulate telegraphy above its normal growth, and in a very few years the volume of business would be doubled, so that an equal division would restore to that company as much business as it now controls. For these reasons, and the additional reason that the Pacific cable will unquestionably command all the telegraph traffic between North America and Australasia, I feel more than warranted in basing the estimates of revenue on half the European-Australian traffic. I feel quite satisfied that the more the question is looked into my estimates will be found moderate, and considerably on the safe side. For my own part, I feel perfectly assured that, if the cable be laid as a Government work, the estimates of revenue will be borne out by actual results, as fully as estimates of cost have been verified by the tenders received."

In the foregoing letter I have referred to the Eastern Extension Telegraph Company, and pointed out that its business would be diminished by the successful operation of the Pacific cable. The latter, however, would so stimulate telegraphy that in a few years the proportion of traffic which would fall to the share of the existing line would, I have reason to think, equal the volume of business which at present it commands. It is a question for the Governments to consider how far the company may be entitled to claim that its reasonable profits should be made good meanwhile. I have on all occasions recognised that every consideration should be extended to the company whose enterprise established the pioneer cable to Australasia, and first brought the colonies into telegraphic connection with the Mother-country. It is on higher than competitive grounds that a Pacific cable is advocated, and it is impossible to admit that the existence of the Eastern Extension Telegraph must for ever prevent the establishment of a national line across the Pacific. The discussions of the Colonial Conferences of 1887 and 1894 go to show that the Pacific cable is demanded not only by the growing requirements of trade and commerce, but as an essential feature of the development of the telegraphic system of the Empire.

SANDFORD FLEMING.

DOCUMENTS submitted for the Information of the Committee by Mr. SANDFORD FLEMING (8th July, 1896).

1. General conditions under which tenders for laying the Pacific cable were invited—Appendix A. *Not printed.*—2.* The tenders received by the Canadian Government and letters connected therewith: (a) Letter from Sir John Pender, 19th October, 1894; (b) letter from Mr. W. Sharpley Seaton, 19th October, 1894; (c) letter from the Chairman, Telegraph Construction and Maintenance Company, 19th October, 1894; (d) letter and tender of Mr. Francis A. Bowen, 20th October, 1894; (e) tender of Siemens Brothers and Co., 20th October, 1894; (f) tender of Fowler-Waring Cable Company, 19th October, 1894; (g) tender of W. T. Henley Telegraph Works Company, 19th October, 1894; (h) tender of Indiarubber, Gutta-percha, and Telegraph Works Company, 19th October, 1894; tender of Indiarubber, Gutta-percha, and Telegraph Works Company, 22nd November, 1894; tender of Indiarubber, Gutta-percha, and Telegraph Works Company, 24th December, 1895.

Appendix B.—3. Report on tenders by Sandford Fleming, 20th November, 1894; additional report on tenders by Sandford Fleming, 11th December, 1894.

Appendix C.—4. State ownership and revenue: (a) Extracts from Mr. Fleming's address, 2nd July, 1894; (b) extracts from Mr. Fleming's memorandum, 11th October, 1893; (c) extracts from Mr. Fleming's letter, 20th July, 1894; (d) letter of George Johnson, Dominion Statistician, Ottawa, 29th November, 1894; (e) letter of J. M. Courtney, Deputy Minister of Finance, Ottawa, 1st December, 1894; (f) letter of W. Hepworth Mercer, Colonial Office, London, 11th October, 1894.

Advertisement.]

APPENDIX A to Mr. FLEMING'S STATEMENT No. 1.

The Pacific Cable.—The Government of Canada invites cable-manufacturing contractors and others to state the terms upon which they will be prepared to lay, and maintain in efficient condition, a submarine electric cable across the Pacific from Canada to the Australasian Colonies. General conditions under which the offers are to be made may be ascertained on application at the Department of Trade and Commerce, in Ottawa, or at the office of the High Commissioner for Canada in London. Offers addressed to the undersigned will be received by him until the 1st November, 1894.—MACKENZIE BOWELL, Minister of Trade and Commerce.—Ottawa, 6th August, 1894.

General Conditions.

1. At the Colonial Conference, held in Ottawa between the 28th June and 8th July (inclusive), a series of resolutions was passed relating to the Pacific cable (copies appended). It was resolved, among other things, that immediate steps should be taken to provide direct telegraphic communication between the Dominion of Canada and

*NOTE.—The tenders and letters under this heading are placed in the custody of the Colonial Office for reference and not for publication. As they were received by the Canadian Government in the first place, they are to be returned when required.

the Australasian Colonies. At the unanimous request of the delegates present at the Conference, the duty of giving effect to the resolutions passed, and the views expressed, devolved upon the Canadian Government.

2. In order to obtain definite data to enable all the Governments concerned to consider and adopt the best means of carrying out the undertaking, the Canadian Government deems it expedient to invite proposals for establishing the cable in three different forms, viz.:—

Form A (the cable to be owned and controlled by Government; to be worked under Government authority, and to be kept in repair by the contractor for three years).—Cable-manufacturing contractors to state the lowest cash price for which they will be prepared to supply and lay the cable, the terms and conditions upon which they will guarantee its permanency, and the annual payment for which they will maintain it in efficient condition for three years after the whole line shall have been completed and put in operation.

Form B (the cable to be owned, maintained, and worked by a subsidised company).—The contracting parties to find the capital, establish, work, and maintain the cable in efficient condition for a subsidy to be paid to them annually for a term of years by the contributing Governments. The offers to state the amount of subsidy to be paid yearly, and the number of years it is to be paid. The maximum rates to be charged on messages to and from Great Britain and the Australasian Colonies shall be as follows: 3s. per word for ordinary telegrams; 2s. per word for Government telegrams; and 1s. 6d. for Press telegrams. The charges on messages between Canada and the colonies to be proportionate.

Form C (the cable to be owned, maintained, and worked by a company under a Government guarantee).—The contracting parties to find the capital, establish, work, and maintain the cable in efficient condition. The offers to state what guarantee of gross revenue will be required; the difference between gross earnings and the amount guaranteed to be made good each year to the company by the contributing Governments. The rates to be charged for the transmission of messages to and from Great Britain and the Australasian Colonies shall be as follows: 3s. per word for ordinary telegrams; 2s. per word for Government telegrams; and 1s. 6d. per word for Press messages. Trans-Pacific messages to be charged at proportionate rates.

The tariff of charges to be approved and not changed unless by governmental sanction.

Route of Cable.

Offers will be received for laying the cable on each of the routes, described as follows:—

Route No. 1.—Commencing at Vancouver Island, the cable to extend to Fanning Island, thence to a suitable island in the Fiji Group. From Fiji to Norfolk Island, and at that point the route will bifurcate to the northern part of New Zealand, and to a convenient point near the boundary between New South Wales and Queensland: Vancouver Island to Fanning Island, 3,232 knots; Fanning Island to Fiji, 1,715 knots; Fiji to Norfolk Island, 1,022 knots; Norfolk Island to New Zealand, 415 knots; Norfolk Island to Tweed Mouth, near boundary New South Wales and Queensland, 761 knots: total, 7,145 knots.

Route No. 2.—From Vancouver Island the cable to be laid to a small unoccupied island indicated on the charts as Necker Island, situated about 240 miles westward from the most western island of the Hawaiian Group, and about 400 nautical miles from Honolulu. From Necker Island the cable to extend to Fiji, and thence, as in Route No. 1, to New Zealand and Australia. On the section between Necker and Fiji, possibly Howland or Baker Island may be available for a mid-station, but the exact position has not been ascertained: Vancouver Island to Necker Island, 2,431 knots; Necker Island to Fiji, 2,546 knots; Fiji to Norfolk Island, 1,022 knots; Norfolk Island to New Zealand, 415 knots; Norfolk to Tweed Mouth, 761 knots: total, 7,175 knots.

Route No. 3.—As in Route No. 2, the cable to extend from Vancouver Island to Necker Island, thence to Onoatua or some one of the eastern islands of the Gilbert Group. From this station in the Gilbert Group two branches to extend, one to Queensland and the other to New Zealand. The Queensland branch to touch at San Christoval Island in the Solomon Group and terminate at Bowen, connecting at that point with the land-lines, easterly to Brisbane and Sydney, westerly to the Gulf of Carpentaria: Vancouver Island to Necker Island, 2,431 knots; Necker Island to Onoatua (in Gilbert Group), 1,917 knots; Onoatua to Fiji, 980 knots; Viti Levu to New Zealand, 1,004 knots; Onoatua to San Christoval (Solomon Group), 953 knots; San Christoval to Bowen, Queensland, 980 knots: total, 8,265 knots.

Route No. 4.—As in Routes Nos. 2 and 3, the cable to be laid from the northern terminal point to Necker Island. From Necker Island to extend in a direct course to Bowen, touching at Apamana, a central island in the Gilbert Group, and at San Christoval, of the Solomon Group: Vancouver Island to Necker Island, 2,431 knots; Necker Island to Apamana (Gilbert Group), 1,865 knots; Apamana to San Christoval (Solomon Group), 970 knots; San Christoval to Bowen, Queensland, 980 knots: total, 6,246 knots.

Route No. 5.—As in Routes Nos. 2, 3, and 4, the cable to run from Vancouver Island to Necker Island; from Necker Island to Fiji, thence to Jersey, thence direct to New Zealand: Vancouver Island to Necker Island, 2,431 knots; Necker Island to Fiji, 2,546 knots; Fiji to New Zealand, 1,150 knots: total, 6,127 knots.

Route No. 6.—From Vancouver Island the cable to extend to Honolulu; from Honolulu to Fiji, and from Fiji to follow Route No. 1 to New Zealand and Australia. On the section between Honolulu and Fiji one of the Phoenix Islands may possibly be found available for a mid-station: Vancouver Island to Honolulu, 2,280 knots; Honolulu to Fiji, 2,600 knots; Fiji to Norfolk Island, 1,022 knots; Norfolk Island to New Zealand, 415 knots; Norfolk Island to Tweed Mouth, 761 knots: total, 7,078 knots.

Route No. 7.—From Vancouver Island the cable to extend to Honolulu; from Honolulu to Onoatua, of the Gilbert Group; from Onoatua to San Christoval, of the Solomon Group; from San Christoval to Bowen: Vancouver Island to Honolulu, 2,280 knots; Honolulu to Onoatua, 2,080 knots; Onoatua to San Christoval, 953 knots; San Christoval to Bowen, 980 knots: total, 6,293 knots.

Route No. 8.—From Vancouver Island the cable to extend to Honolulu; from Honolulu to Fiji, possibly with a mid-station on this section if a suitable island be available. From Fiji the cable to run direct to New Zealand: Vancouver Island to Honolulu, 2,280 knots; Honolulu to Fiji, 2,600 knots; Fiji to New Zealand, 1,150 knots: total, 6,030 knots.

The northern terminus of each route is on Vancouver Island. The cable will land at some suitable point to be determined, probably at Port San Juan, near the entrance of the Strait of San Juan, or at Barclay Sound. The several routes above described are shown generally on the accompanying map of the world. The distances given in each case are believed to be approximately correct, but are not guaranteed. Parties offering to provide and lay the cable must make their own calculations of distances and satisfy themselves.

Character of Cables.—Proposals will describe the type of cables intended to be used on each section, and state the weight of conductors and insulators per knot in each case.

Shore Ends.—The best description of landing cables must be employed at terminal points and all mid-stations. The proposals will describe the character, weight, and length of shore-end cables to be used in each case.

Speeds.—The calculated speeds for each section of the cable shall in no case be less than twelve words per minute.

Stations and Equipments.—Each offer will describe the character and approximate cost of buildings, instruments, &c., to be furnished for each terminal and mid-ocean station.

Repairs and Maintenance.—Proposals will state the provision intended to be made for repairs and maintenance, the number, tonnage, and value of repair steamers. In the case of offers made under Form A, the steamers and stores will be found by and remain the property of the contractor until the end of three years from the completion of the cable, to be then taken over at a valuation, as may be stipulated and agreed.

Surveys.—Charts may be seen at the Department of Trade and Commerce, Ottawa, and at the office of the High Commissioner for Canada in London, showing the soundings which have been made from time to time in the Pacific, as far as recorded. It is expected that additional soundings will shortly be made, but parties making proposals must assume all risk; and, in the event of a contract being entered into for establishing the cable, the contractors must themselves take means to find the most suitable points for landing the cable at all terminal and mid-ocean stations. It will be understood that in each instance the landing privileges are to be secured by the contributing Governments,

Time of Completion.—The time limited for the completion of the cable is three years from the date of the contract, but, as it is desirable to have telegraphic communication established as soon as practicable, proposals may state, a shorter period, or the same parties may make two offers, one on the basis of three years, the other on the shortest period within which the undertaking may be accomplished.

Proposals.—Proposals based on the above general conditions, and in either of the three forms set forth, to be addressed to the Minister of Trade and Commerce, and delivered at his department in Ottawa on or before the 1st day of November, 1894.

Department of Trade and Commerce, Ottawa, 6th August, 1894.

4. *Resolved*, That, in view of the desirability of having a choice of routes for a cable-connection between Canada and Australasia, the Home Government be requested to take immediate steps to secure neutral landing-ground on some one of the Hawaiian Islands, in order that the cable may remain permanently under British control.

5. *Resolved*, That the Canadian Government be requested, after the rising of this Conference, to make all necessary inquiries, and generally to take such steps as may be expedient in order to ascertain the cost of the proposed Pacific cable, and promote the establishment of the undertaking in accordance with the views expressed in this Conference.

APPENDIX B to Mr. FLEMING'S STATEMENT No. 1.

Report on Tenders.

SIR,—

Ottawa, 20th November, 1894.

I have the honour to report on the replies received by you on the 1st instant, in response to the public advertisement of the Government of Canada, inviting cable-manufacturing contractors and others to state the terms upon which they would be prepared to lay and maintain in an efficient condition a submarine electric cable across the Pacific from Canada to the Australasian Colonies.

1. Sir John Pender, Chairman of the Eastern Extension Telegraph Company, 50, Old Broad Street, London, addressed a letter to you, dated 19th October, 1884, in which he represented (1) that full information respecting the depth and nature of the sea-bed has not been obtained, and in consequence reliable opinions cannot be formed; (2) that Mr. Alex. Siemens's estimates of revenue are fallacious, and that my own estimates are not much more reliable; (3) that a cable laid as intended would be quite useless and would prove a commercial failure; (4) that a telegraph established across the Pacific as proposed would result in a loss of at least £90,000 a year to the company he represents. Sir John Pender, in short, discourages in every possible way the attempt to span the Pacific by a Canada-Australian telegraph. He states, however, that he will be most happy to enter into negotiations for accomplishing the work if sufficient inducements be offered him, and he pleads that his company "will be able to undertake the work on better terms than could be offered by any other company."

2. Mr. W. Sharpley Seaton, 57½, Old Broad Street, London, likewise addresses you 19th October, 1894. This gentleman sets forth at some length the great necessity which exists for a detailed survey. He considers this to be of primary importance, and counsels delay until such a survey be made.

3. The Chairman of the Telegraph Construction and Maintenance Company, 38, Old Broad Street, London, writes 19th October, 1894. He criticizes generally the proposals which have been published by the Canadian Government, and raises objections to the conditions laid down for intending contractors. He objects to each one of the eight routes specified, and proposes a new route, taking in Honolulu and Samoa. On this route the firm he represents would lay a cable of a good type and weight between Vancouver and New Zealand (only) for £1,870,000. This amount, however, does not include maintenance for three years or for any period; nor does it include a branch cable to Australia. He urges as a first step that the line should be sounded over its entire length on the exact route chosen, and he states that his firm cannot undertake to guarantee the repair of the cable until a further investigation has been made of the sea-bottom over which the cable is to be laid. The writer of this communication estimates that a cable could be laid on Route No. 8 for about £1,300,000, but this, he states, would depend upon its proving possible to find an available and safe mid-station between Honolulu and Fiji. He further states that maintenance on this or any route cannot under present conditions be guaranteed by this firm.

4. Mr. Francis A. Bowen, 3, Tokenham Buildings, King's Arms Yard, London, sends a proposal, dated the 20th October, 1894. This gentleman, for himself and his associates, offers to construct and submerge a cable on any route which may be selected for £200 per knot of 6,082·66 ft. The offer presents itself to me as being in an exceedingly ambiguous form, as there is nothing to show what the total cost may be on any route, and there is no explanation as to how the total cost is to be ascertained, whether the number of knots shall be reckoned on the actual distance between stations, or on the length of cable paid out; nor is it clear that the price stated includes the cost of buildings, instruments, &c., moreover, and to my mind the most serious objection to this offer is the specification of the core to be used; the weight of copper and gutta-percha appears to be designed to be the same throughout without reference to the length of sections to be spanned. As specified the core would be too light for the long section and unnecessarily heavy for the shorter sections. Mr. Bowen places the additional charge for maintenance at £237,000 for the three years.

5. The Indiarubber, Gutta-percha, and Telegraph Works Company refer to the invitation for proposals under Form C—that is, on the basis of a traffic guarantee. This company is unable to make a firm offer under this form; they, however, submit an estimate in the following words: "For your guidance we may state that in our opinion a twenty-five years' annual guarantee, payable quarterly, of the following amounts, as placed against the respective routes, should suffice for the effective establishment and maintenance of the cable: Route No. 1, £226,000; Route No. 2, £217,000; Route No. 3, £215,000; Route No. 4, £153,000; Route No. 5, £202,000; Route No. 6, £199,000; Route No. 7, £184,000; Route No. 8, £197,000."

There is no other reference in any of the replies received to the establishment of the trans-Pacific telegraph under a Government traffic guarantee (Form C), and none whatever to the formation of a company to carry out the undertaking under a Government subsidy (Form B).

With respect to the matter of soundings referred to in the first, second, and third communications, above noticed, I would only remark that it would require soundings to be taken in a very comprehensive manner to give even an approach to a full knowledge of the sea-bed, and that it would involve much cost and prolonged delay. However valuable such a survey would undoubtedly prove in a scientific point of view, it is by no means indispensable to the laying of a cable or to its effectual maintenance. Cables have been laid, and successfully laid, when no such comprehensive surveys have been effected; indeed, the best information goes to show that a large proportion of cables at present submerged have been laid without any precise and detailed knowledge of the sea-floor. The majority of such cables are, I believe, in good working-order, and few of them have ever required any great expenditure for repairs. Be all that as it may, the Government is now in possession of definite offers from firms of the highest standing and widest experience to lay the Pacific cable on any one of the eight routes specified. All the soundings required for securely and successfully laying the cable are to be made by the contractors themselves during the time occupied in manufacturing it, and so satisfied are they on this and all other points that they are quite ready to enter into contract to complete the undertaking and guarantee its maintenance for three years for a definite sum.

There are four regular tenders according to Form A, accompanied by ample details and full information on all essential points. After carefully and critically examining and comparing them, I beg leave to submit the following abstract:—

Regular Tenders.—Form A. The cable to be owned and controlled by Government; to be worked under Government authority; and to be kept in repair by the contractor for three years: No. 1. From Siemens Brothers and Co., 12, Queen Anne's Gate, Westminster, London. No. 2. From the Fowler-Waring Cable Company, North Woolwich, London. No. 3. From the W. T. Henley Telegraph Works Company, 27, Martin's Lane, Cannon Street, London, and

North Woolwich. No. 4. From the Indiarubber, Gutta-percha, and Telegraph Works Company, 106, Cannon Street, London, and Silvertown. These tenders are based on the general conditions prescribed; they include in each case the manufacture and laying of the cable; the providing of station-buildings and instruments for the use of the operating staff; likewise the maintenance and repair of the entire length of the cable for a period of three years after the whole line shall have been completed and put in operation.

The parties tendering are prepared to enter into contract for the sums placed opposite the name of the firms, in each case, as follows:—

Route No. 1.—Commencing at Vancouver Island, with mid-stations at Fanning Island, Fiji, and Norfolk Island, and with branches from Norfolk Island to New Zealand and New South Wales—complete, including maintenance for three years, in each case: No. 4. The Indiarubber, Gutta-percha, and Telegraph Works Company, £1,517,000. No. 3. W. T. Henley Telegraph Works Company, £1,826,000. No. 1. Siemens Brothers and Co., £2,170,000. No. 2. Fowler-Waring Cable Company, £2,350,000.

Route No. 2.—Commencing at Vancouver Island, with mid-stations at Necker Island, Fiji, and Norfolk Island, and with branches to New Zealand and New South Wales—complete, including maintenance for three years, in each case: No. 4. The Indiarubber, Gutta-percha, and Telegraph Works Company, £1,316,000. No. 3. W. T. Henley Telegraph Works Company, £1,743,000. No. 1. Siemens Brothers and Co., £2,140,000. No. 2. Fowler-Waring Cable Company, £2,210,000.

Route No. 3.—From Vancouver Island to Bowen (Queensland), with mid-stations at Necker Island and Onoatua (Gilbert Group), branching at Onoatua, *via* Fiji, to New Zealand, and *via* San Christoval (Solomon Group) to Bowen—complete in each case, including maintenance for three years: No. 4. The Indiarubber, Gutta-percha, and Telegraph Works Company, £1,403,000. No. 3. W. T. Henley Telegraph Works Company, £1,723,000. No. 1. Siemens Brothers and Co., £2,240,000. No. 2. The Fowler-Waring Cable Company, £2,341,000.

Route No. 4.—From Vancouver Island to Bowen (Queensland) direct, with mid-stations at Necker Island, Apamana (Gilbert Group), and San Christoval (Solomon Group)—complete, including maintenance for three years, in each case: No. 4. The Indiarubber, Gutta-percha, and Telegraph Works Company, £1,068,000. No. 3. The W. T. Henley Telegraph Works Company, £1,554,000. No. 1. Siemens Brothers and Co., £1,710,000. No. 2. The Fowler-Waring Cable Company, £2,125,000.

Route No. 5.—Vancouver Island direct to New Zealand, *via* Necker Island and the Fiji Group—complete, including maintenance for three years, in each case: No. 4. The Indiarubber, Gutta-percha, and Telegraph Works Company, £1,291,000. No. 3. W. T. Henley Telegraph Works Company, £1,658,000. No. 2. The Fowler-Waring Cable Company, £2,010,000. No. 1. Siemens Brothers and Co., £2,050,000.

Route No. 6.—Vancouver Island to Norfolk Island, with mid-stations at Honolulu and Fiji. At Norfolk Island branches to extend to New Zealand and Australia proper—complete, including maintenance for three years, in each case: No. 4. The Indiarubber, Gutta-percha, and Telegraph Works Company, £1,391,000. No. 3. The W. T. Henley Telegraph Works Company, £1,740,000. No. 1. Siemens Brothers and Co., £2,120,000. No. 2. The Fowler-Waring Cable Company, £2,130,000.

Route No. 7.—From Vancouver Island to Bowen (Queensland), with mid-stations at Honolulu, Onoatua (Gilbert Group), and San Christoval (Solomon Group)—complete, including maintenance for three years, in each case: No. 4. The Indiarubber, Gutta-percha, and Telegraph Works Company, £1,081,000. No. 3. The W. T. Henley Telegraph Works Company, £1,589,000. No. 2. The Fowler-Waring Cable Company, £1,880,000. No. 1. The Siemens Brothers Company, £1,900,000.

Route No. 8.—From Vancouver Island direct to New Zealand, with mid-stations at Honolulu and Fiji—complete, including maintenance for three years, in each case: No. 4. The Indiarubber, Gutta-percha, and Telegraph Works Company, £1,243,000. No. 3. The W. T. Henley Telegraph Works Company, £1,655,000. No. 2. The Fowler-Waring Cable Company, £1,910,000. No. 1. The Siemens Brothers Company, £1,970,000.

The cost of maintenance is variously estimated by the several firms, the highest being that of the W. T. Henley Telegraph Works Company, who place the cost at £115,000 per annum, or £345,000 for the three years. This is subject to a reduction if the spare cable provided for the purpose be not used. The Siemens Brothers Company include in their offer for the purpose of maintenance £270,000, being at the rate of £90,000 per year; this also is subject to a reduction if the actual repairs cost less than the sum named. This mode of charging for the maintenance and repair of the cable has an obvious advantage. The Fowler-Waring Company stipulate that a fixed sum, £300,000, be allowed to guarantee maintenance and repair for the three years.

The Indiarubber, Gutta-percha, and Telegraph Works Company make no special charge for guaranteeing the maintenance and repairs, and, as their offer for laying the cable on each of the eight routes is the lowest, it is well to make this point perfectly clear by quoting from their proposal as follows: "The contract prices given hereunder for the different routes include the erection at each cable-landing place of a suitable dwellinghouse and operating-room for the working staff, with duplicate sets of all proper instruments at each station; also the use of two steamships fitted with cable-tanks and all necessary machinery for repairing the cable, and the cost of maintaining these ships, as well as the cables themselves, for three years." The contract prices for which this firm is prepared to manufacture, lay, and maintain the cable for three years on any one of the eight routes are as follows: Route No. 1, £1,517,000; Route No. 2, £1,416,000; Route No. 3, £1,303,000; Route No. 4, £1,068,000; Route No. 5, £1,291,000; Route No. 6, £1,391,000; Route No. 7, £1,031,000; Route No. 8, £1,243,000. This company states that if intrusted with the contract they will undertake to manufacture the cable at the rate of twenty miles a day, and will proceed to ship and lay it with the least possible delay. An examination of this tender and accompanying documents shows that this company propose to use an approved type of cable; the core on the long section (Route No. 1) is to have a copper conductor weighing 533 lb. per knot, insulated with gutta-percha weighing 365 lb. per knot, the sheathing to be the same as the deep-sea type of cable adopted by the Anglo-American Telegraph Company in the newest trans-Atlantic cable laid this year. The shore ends and intermediate cables to be similar in character and weight to those generally adopted under like circumstances. There is one apparent omission in this tender in connection with shore-end and shallow-water cables. I can find no special mention of a metallic protection against teredos. In the opinion of the undersigned, the core of the cable should be enveloped in a brass tape. The additional cost is not great, and before any contract is entered into with this or any company it should be clearly stipulated that this effective means of protection against the ravages of marine life should be provided.

The Hon. Mackenzie Bowell, Minister of Trade and Commerce, Ottawa.

I have, &c.,

SANDFORD FLEMING.

Additional Report on Tenders.

SIR,—

Ottawa, 11th December, 1894.

I have the honour to report on the letter addressed to you by the Indiarubber, Gutta-percha, and Telegraph Works Company, of date the 22nd November, 1894, on the subject of the tender of that firm for manufacturing, laying, and maintaining the Pacific cable.

In my report on the tenders of date the 20th November, 1894, I mentioned in the last paragraph that in my opinion it was expedient to make provision for protecting the core of the cable, under certain conditions, from the ravages of marine life. The letter of the above-named company which you have referred to me gives the assurance that all types of cable proposed to be laid by that firm will be provided with proper protection—that, in fact, all cables laid in less than 100 fathoms are to have the core sheathed with metallic taping as a protection against the teredo. This assurance removes the objections which I raised.

In my report of the 20th November all the tenders referred to were for the supply of cables having a speed-capacity of twelve words per minute. For Route No. 1 the price of the Indiarubber, Gutta-percha, and Telegraph Works Company is, including maintenance for three years, £1,517,000. In the letter of this company of the 22nd November it is stated that higher speed cables will be furnished for this route at the following prices, viz.: A fifteen-word-per-

minute cable for £1,672,000; an eighteen-word-per minute cable for £1,880,000. Compared with estimates previously made these prices must be held to be moderate. My own estimate for a cable on this route (No. 1), as given in your report on the mission to Australia (page 69), is £1,978,000; and the estimate furnished the Colonial Office, London, by the General Post Office authorities (see appendix to the same report, page 79) is £2,924,000. Neither of these estimates includes maintenance for three years; moreover, the estimate from the General Post Office does not include a connection with the mainland of Australia, which would probably be estimated at £200,000 additional. We thus have in the tender of the Indiarubber, Gutta-percha, and Telegraph Works Company a definite offer to lay and maintain for three years a cable from Vancouver to Australia and New Zealand with a speed-capacity 50 per cent. higher than the cable referred to by the General Post Office authorities, and for a sum of £1,244,000 less than their estimate without any allowance for maintenance.

Hon. Mackenzie Bowell, Minister of Trade and Commerce.

I have, &c.,

SANDFORD FLEMING.

APPENDIX C to MR. FLEMING'S STATEMENT No. 1.

THE PACIFIC CABLE AS A PUBLIC UNDERTAKING OWNED BY GOVERNMENT.

(a.) *Extracts from Mr. Fleming's Address at the Colonial Conference, 1894.*

"There are two distinct methods by which the Pacific cable may be established, viz.: (1.) Through the agency of a subsidised company. (2.) Directly by Government as a public work.

"I have given this branch of the subject long and earnest attention, and I have arrived at conclusions which to my mind are confirmed by every day's experience. At one time I favoured the first method. It has been customary to have enterprises of this character carried out by companies, and it seemed to have been assumed that there was no other way by which the work could be accomplished. However, when it is considered that in the United Kingdom, in India, in the Australian Colonies, and in a great many foreign countries the telegraphs are owned and worked by Governments, there appears no good reason why Government ownership should be confined to land-telegraph. No doubt it would give least initial trouble to Governments to offer liberal subsidies in order to have the telegraph across the Pacific laid and owned by a company, but I am perfectly satisfied that in the long-run the second method will be found in every respect more advantageous. The interests of a company and the public interests are not identical; they are in some respects the very opposite. While the primary object of a company is to exact from the public as much profit as possible, the interests of the public, on the other hand, are to secure cheap telegraphy, and to have it as free and untrammelled as possible. Suppose, for example, that a large subsidy be granted, such a subsidy as Sir John Pender has declared to be necessary, and that the whole undertaking passed over to the Eastern Extension Company to carry out, would not the effect be to confirm and perpetuate the telegraphic monopoly which at present exists between Australia and the outer world? Would it not simply shut out all prospect of obtaining the reduced charges to which we may confidently look forward? Would it not contract intercourse instead of providing the fullest opportunity for its free and full expansion, so much to be desired? I look forward to the time—and I do not think it is far distant—when, if a wise and prudent course be followed, the telegraph will ramify in many directions under the ocean to all the principal colonial possessions, and that in the not distant future there will be a greater reduction in charges on messages than has taken place in letter-postage during the past fifty years.

"Speaking for myself, I have arrived at the conclusion that the true principle to follow, looking solely at the public interests, present and prospective, is to establish the Pacific cable as a Government work. In my judgment, it would be a grave and irremediable mistake to give it to the existing company on their own terms, or perhaps on any terms. Even to hand the work over to a new company entirely distinct from the Eastern Extension Company would scarcely mend matters. It would be impossible to prevent the two companies combining in some form to advance their common advantage to the detriment of the public interests.

"I have elsewhere endeavoured to show the advantages derivable from the establishment of the Pacific cable as a public work directly under Government control. It is a matter of constant experience that the promoters of companies, as a rule, set out with the determination to make large sums of money, that investors are promised large returns, and they are not satisfied unless they are forthcoming. In consequence, 9 per cent., and in some cases much more than 9 per cent., is paid for money raised for private companies; while, on the other hand, Governments can borrow capital at 3 per cent. Hence it is possible under Government ownership to reduce charges on telegraphy much below the rates charged by private companies.

"With the proposed cable under Government control, it is not easy to assign a limit to the reduction in charges for transmitting messages, and with low charges there will arise, without any appreciable extra cost in working, a great expansion in the business of the telegraph. Thus the public will be benefited to an extent which would not be possible if the cable became the property or passed under the control of a private company.

"I had hoped to have seen present at this Conference His Excellency Sir Ambrose Shea, Governor of the Bahamas. He would, I am sure, have given the best testimony in favour of the plan of Government ownership. Less than two months ago I had a letter from him in which he furnished indisputable evidence as to the superiority of the principle of Government control. The Bahamas are connected with the mainland by a cable owned by Government. The first idea was to have it carried out by a company under a subsidy of £3,000 a year for twenty-five years. Fortunately it was decided to make it a Government work; the cable is entirely so established, and the policy of its operation is dictated primarily by the commercial requirements of the colonies. Profits are, of course, desired, but these are held to be a subordinate consideration. This policy would have been reversed had the cable been controlled by a company; the interest of the company *per se* would have remained paramount. Sir Ambrose Shea informs me that even in a financial aspect it has proved fortunate that they kept the cable under Government control. Instead of paying £3,000 a year in the form of a subsidy, the charge on the colony is already reduced to £1,800 after fully providing for a sinking fund to cover renewals, as well as interest on the cost and all other charges. Beyond the question of money, the Governor attaches much importance to the power held by the Executive for adapting the policy of the cable management to the growing and varying wants and conditions of the colony.

"It appears to me that, in bringing two of the leading divisions of the colonial Empire into telegraphic connection, we cannot do better than place before us the experiment to which I have referred as having been so successfully tried. Great importance must be attached to the views and ripe judgment of Sir Ambrose Shea, strengthened in a matter of this kind by the experience of the Bahama cables. Every commercial object points to the expediency of retaining the Canada-Australia cable under Government ownership; and, apart altogether from commercial considerations, there is no reason to warrant that so important a work, undertaken for national purposes, should be removed from the effective control of the Governments, by whose authority alone the great principles of its establishment would be fully observed."

ESTIMATES OF REVENUE.

(b.) *Extract from Mr. Fleming's Memorandum, Sydney, 11th October, 1893.*

"In many cases it is difficult, owing to the lack of information, to form estimates of the probable revenue of a projected undertaking. In this instance, however, the best data are available for our guidance. We have the published statistics of telegraph business by the existing line between Australia and Europe for a number of years, and it is fair to assume that, on the establishment of the Pacific cable, rates and all other things being equal, the business will be equally divided between the two lines. I am unable to ascertain the business for the past year, but I gather from the published returns that the number of words transmitted in the year ending the 1st May, 1892, was 1,275,191. If we divide this into equal parts we have 637,595 words as a basis for estimating the revenue of the Pacific cable.

"In examining the returns for previous years some striking peculiarities are apparent. During the eight years from 1882 to 1890 the telegraph business between the Australian Colonies and Great Britain increased on an average 54,441 words each year, equal to 14 per cent. per annum. This may be viewed as the normal increase under a high tariff, inasmuch as throughout these eight years the charges on ordinary messages were never less than 9s. 4d. per

word. On the 1st May, 1891, the rate was reduced from 9s. 4d. to 4s. per word, and within the twelve following months the business increased by 448,913 words—an increase of 54 per cent. on the business of the previous year, and 881 per cent. over the normal annual increase during the preceding eight years. The further expansion of business will no doubt for the present be disturbed and retarded by an increase in the charges on messages on the 1st January last, but there remains the experience of the year 1891–92 to establish the remarkable effect of a low tariff in stimulating telegraphy. In that single year the increase in the number of words transmitted under a 4s. rate was greater than the growth of the business during the whole of the preceding eight years under a 9s. 4d. rate.

“One of the direct benefits to the public from the Government ownership of the Pacific cable will be the reduction in charges for transmitting messages. I have already mentioned that with a full and efficient staff, such as the estimate for working-expenses provides for, it will cost no more to do a large business than a small. There will therefore be no reason for preventing the freest expansion of telegraphy by the new line by lowering the charges. In my humble opinion, the rates across the Pacific should be lowered to 2s. per word immediately on the cable being laid, in order that the public may have the advantage of cheaper communication at the earliest moment.

“The proposed rate of 2s. per word for transmitting messages across the Pacific would reduce charges between Australia and England to 8s. 3d. in place of 4s. 9d. as at present. Moreover, messages from Australia received at Vancouver would be forwarded to all parts of Canada and the United States for an average charge not exceeding 2s. 9d. per word in place of 6s., the present charge. I wish to avoid extravagant statements and too sanguine estimates. I would, in submitting my ideas, particularly desire to keep strictly within reasonable probabilities. If we base estimates on the existing volume of business merely we must anticipate that there will be no great advance over the business of 1891–92 for a few years if the charges on messages are again raised as they already have been to some extent. In the calculations which follow I shall, therefore, assume the business to be at a standstill for three years—that is to say, I shall assume that the business in 1894 will not be greater in volume than it was in 1891–92, and that thenceforth the normal increase of not more than 14 per cent. per annum shall apply. The number of words transmitted in 1891–92 was 1,275,191. It is assumed that the Pacific cable would, if in operation in 1894, obtain one-half of this business.*

Year.	Number of Words per Annum.	Earnings of the Cable at 2s. per Word.	Year.	Number of Words per Annum.	Earnings of the Cable at 2s. per Word.
		£			£
1894	637,595	63,759	1900	1,173,176	117,318
1895	726,858	72,686	1901	1,262,439	126,244
1896	816,122	81,612	1902	1,351,703	135,170
1897	905,386	90,539	1903	1,440,967	144,097
1898	994,649	99,465	1904	1,530,230	153,023
1899	1,084,913	108,391			

“In connection with the estimates of revenue I have pointed out from statistical returns two elements of increase of business—(1) a normal increase under an exceedingly high tariff; (2) a very much greater increase under a lower tariff. There will be a third increase which will be due to the development of traffic with Canada and in bringing the Australian Colonies into direct telegraphic touch with the whole telegraph system of North America. At present telegraphic intercourse is insignificant, but, with a 2s. or 2s. 6d. rate across the Pacific in place of a 6s. rate by a circuitous route, the circumstances will be favourable to the growth of telegraph business between the two continents, and in consequence the revenue to the Pacific cable from this source will rapidly develop to large proportions. In the foregoing estimates of revenue I have reckoned only the normal increase under a high tariff, and take no account of the greater increase which certainly will result from the charges being lowered, as proposed. I have likewise added nothing from the Australasia-North American business, the whole of which would flow to the Pacific cable. I am quite warranted, therefore, in expressing the opinion that the estimates of revenue I have presented are not exaggerated or unreasonable, and that the Pacific cable established by Government in the manner proposed would effect very important results. It would practically extinguish all subsidies now paid and render guarantees unnecessary. It would permanently establish low rates for ocean telegraphy. It would yield a revenue which, after paying working-expenses, and providing for maintenance and renewals, would make good all interest-charges on the whole cost of the undertaking from the beginning, and in a very few years would furnish large surplus earnings. I venture to think, then, that if the resolution passed by the Postal and Telegraph Conference in March last be generally assented to in these colonies the Governments need not hesitate in incurring the comparatively small, almost nominal, liability necessary to secure a telegraph-connection across the Pacific, which every British subject will recognise to be of the greatest national and commercial value.”

(c.) *Extract from Mr. Fleming's Letter to the Hon. Mackenzie Bowell, 20th July, 1894.*

“With respect to the revenue: If it will take three years to establish the cable, 1898 will be the first year of its full operation. On pages 70 and 71 of the report on the mission to Australia will be found an estimate of the proportion of business which would fall to the share of the Pacific cable for that year, 1898. The estimate was made a year ago and based on the assumed telegraphic business for 1893 between Australia and Europe, which has been exceeded by actual results. (See foot-note p. 71.) Correcting the estimate in this respect, the business for 1898 may be set down at 1,105,000 words, which reckoned at 2s. a word would yield a gross revenue for the first year's operation of the Pacific cable of £110,000. It will be borne in mind, moreover, that this estimate is for European business, and includes nothing for the business between Canada, the United States, and Australia, at present insignificant, but which in a few years, with greatly improved facilities, will undoubtedly develop to considerable proportions. For these reasons I am satisfied that the estimates submitted will be fully realised and more than confirmed by actual results.

“Bearing on these estimates, a friend wrote me from London a few weeks back as follows: ‘I have been looking over the proceedings of the Colonial Conference of 1887, where a memorandum of yours is given, dated April, 1886 (page 101). In it you show a probable traffic for the year 1893 of 133,000 messages, equal to 1,333,000 words. The actual business for the past year, according to Sir John Pender, was 1,306,716 words, and according to Australian returns, 1,401,292 words. In either case the prediction made eight years ago is approximately correct.’ I mention this merely to bring out the fact that the principles on which the estimates are formed are sound, and that the estimates themselves may generally be considered safe.

“With respect to the charges on revenue, viz.: (1) Interest on capital; (2) working staff and management; (3) repairs and maintenance. The first and second are constant, the third is variable. Experience goes to show that failure and interruptions in cables, due to defects in manufacture or causes connected with laying, generally take place within the first year or two. For this and other reasons I propose that the manufacturers should be asked to undertake to keep the cable in efficient working-order for three years; we may thus eliminate from revenue account for that period all charges for repairs and maintenance.

* At the date of going to press (May, 1894) it has been ascertained that the traffic for 1893 between Europe and Australia consisted of 1,306,716 words, showing that Mr. Fleming's estimate is considerably within actual results. If merely the normal increase of 14 per cent. under a high tariff be added to existing business the number of words for 1894 in the table of estimated earnings which follows should be 744,888 in place of 637,595, and the earnings for the same year £74,483 in place of £63,759. Thus establishing that the estimates of revenue presented in this memorandum are in no way exaggerated.

"Assuming that the cost of the cable and its maintenance for three years will be, in round figures, £2,000,000, the revenue account for the year 1898 would stand as follows: Earnings as estimated, £110,000; interest on £2,000,000 at 3 per cent., £60,000; staff and management, £30,000: surplus revenue, £20,000.

"In the above I have taken Mr. Siemens's estimate of the cost of staff required for stations, and office expenses at each point—viz., £24,000. I have increased Mr. Siemens's allowance for general management to £6,000, the two making in all £30,000 per annum. This charge will be constant, and will suffice, as pointed out by Mr. Siemens, for a business more than six times greater than that estimated for the year 1898, and by introducing duplex working, for a traffic ten or twelve times greater.

"I have pointed out elsewhere that the average normal increase of telegraph business between the Australasian Colonies and Europe was 14 per cent. per annum during the period when the high rates charged for a period of eight years were in force—that is to say, under a tariff rate of 9s. 4d. per word from 1882 to 1890. Manifestly under the low rates proposed to be charged by the Pacific cable the normal increase will be greater than 14 per cent. per annum, more especially as the whole North American business will receive a great incentive from direct communication, and all this additional and constantly growing traffic must find its way by the Pacific cable to and from Australia. I venture to think that it would not be too sanguine an estimate to place the annual increase of business at 18 or 20 per cent., but to be perfectly safe I shall limit it to 15 per cent. in the calculations which follow—that is to say, only 1 per cent. more than the average annual increase realised under the high tariff for the eight years previous to 1890.

"Estimate of the business of the Pacific cable for ten years after its completion, calculated on the basis of 1,100,000 words for the year 1898, an average normal increase of 15 per cent. per annum thereafter:—

—				—			
		Gross Earnings.	Interest and Working-expenses.	Surplus.			Surplus.
		£	£	£			£
1898	..	110,000	90,000	20,000	1903	192,500	102,500
1899	..	126,500	90,000	36,500	1904	209,000	119,000
1900	..	143,000	90,000	53,000	1905	225,000	135,000
1901	..	159,500	90,000	69,500	1906	242,000	152,000
1902	..	176,000	90,000	86,000	1907	258,500	168,500

"As we have eliminated all but the fixed charges on revenue for the first three years, an examination of the above table will show that the surplus up to the fourth year will have accumulated to £109,500, which sum, together with the annually increasing surplus thereafter accruing, would be sufficient to meet all charges for repairs and maintenance, and leave a balance to be carried to a cumulative reserve for renewals at some future day. I may mention that I have submitted in outline this financial scheme to the delegates from New South Wales, Victoria, Queensland, and New Zealand, with whom I have had the advantage of frequent consultations since the Conference rose, and I have the satisfaction to state that it finds favour with each of them. That feature of the scheme by which all the uncertain charges for repairs and maintenance would be embraced in the contract with the manufactures of the cable would not only have a tendency to secure a cable of the very best make and character, but it would defer all charges against revenue, which revenue could not fully meet, until a date later than the payment of the last annual subsidy to the Eastern Extension Company. The Australian Governments now contributing to that subsidy could then with greater ease make up any possible shortage which may arise in connection with the new cable. The estimate, however, shows clearly that under this scheme there is every prospect of the Pacific cable being self-sustaining from the first."

(d.) Letter from George Johnson, Esq., Dominion Statistician.

DEAR SIR,—

Office of the Statistician, Ottawa, 29th November, 1894.

I have examined your statements before the Intercolonial Conference *in re* the Pacific cable, and have the following remarks to make: First, respecting the growth of business; and, second, respecting the proportion the new route could hope to secure.

(1.) Taking the statistics of growth, I find the following:—

Year.		Number of Words transmitted.	Increase.			Tariff per Word.
			Actual.	Per Cent. for Period.	Per Cent. Yearly.	
1875	..	235,160	..	..	..	..
1880	..	353,348	118,188	50	10·0	9s. 4d.
1885	..	537,355	184,007	55	11·0	9s. 4d.
1890	..	827,278	289,923	54	10·8	9s. 4d.
1891	..	1,275,191	..	..	54·0	9s. 4d. and 4s.
1892	..	1,321,412	..	..	3·6	4s.
1893	..	1,401,293	..	..	6·0	4s. 9d.

The actual increase in the three years 1891-93 over 1890 was 574,015. The number of words transmitted is taken from returns submitted to the Postal and Telegraph Conferences held in Adelaide in May, 1890, in Queensland in March, 1893, and in New Zealand in March, 1894. They show that during fifteen years (1875-90) of high tariff (9s. 4d. per word) the increase in the number of words was 251·8 per cent., and that during the three years 1891-93, in which period the rates were reduced to 4s. and 4s. 9d., the increase over 1890 was 69·2. For the whole period covered by these statistics the increase is 496 per cent. From these figures of percentage it appears: First, that during the period 1875-90 the growth of business under a 9s. 4d. tariff was equal to an annual average of 16·8 per cent.; second, that under a 4s. and 4s. 9d. tariff the average annual growth from 1890 to 1893 (three years) was 23 per cent. Your estimate of 14 per cent. increase appears, in the light of these facts, to be a very conservative one.

(2.) How much of the business could a cable competing with the existing one hope to secure?

(a.) A telegram from Melbourne to London by the existing line has to travel 13,695 miles of wire, of which 2,704 miles is in Australia, and is therefore land-wire. The land-wire in Asia is, I judge, about 1,000 miles more of wire. A telegram from Melbourne to London *via* Canada would travel 14,414 miles, of which 3,764 would be land-wire. In respect to the greater danger of stoppage and delay from land-wire, the two lines would be practically on an equality.

(b.) Your estimate is that one-half of the words sent by cable between Australia and the rest of the world would be sent *via* the line across Canada.

According to the return of 1892 there would be, on this estimate, 660,706. But some portion of the total of 1,321,412 words must be Asiatic business, since Australia imports of tea alone 33,000,000 lb. a year direct from Asia. From various data I estimate the Asiatic business at one-eleventh of the whole. Deducting this, we have 1,191,000 words to represent European business, of which the new proposed route would stand a fair chance to secure one-half. I would therefore place the estimate at 595,000 (or 600,000) words instead of 637,595. Taking this estimate and

applying to it the 16·8 per cent. increase, the estimate for 1895 would be 695,000 words, or 31,860 less than your estimate. For 1896 it would be 811,760 words, or 4,362 less. In 1897 it would be 948,000 words, or 42,000 more than your estimate. My calculation would give fewer words for 1895 and 1896 and more words for 1897, and still more in succeeding years. I have taken the percentage of the period when the tariff was 9s. 4d. per word. If the percentage under a 4s. tariff were taken the growth would be much greater, and undoubtedly the result of a reduction in the rates would be an increase in messages, as the table above given shows. I have not dealt with the development of business between North America and Australia, which must in the nature of things be very great when facilities are provided, and will also be tributary to the Pacific cable.

Sandford Fleming, Esq., C.M.G., C.E., Ottawa, Ontario.

Yours, &c.,

GEORGE JOHNSON, Statistician.

(e.) Letter from J. M. Courtney, Esq., Deputy Minister of Finance.

DEAR MR. FLEMING,—

Department of Finance, Ottawa, 1st December, 1894.

I have read over very carefully and, I may say, with the greatest of pleasure the blue-books and documents you left with me for perusal in connection with the scheme for laying a Pacific cable to connect this country and Australasia. Both from the fact that it is the pioneer Pacific-cable scheme, and also from the magnitude of the work itself, the consideration of the subject is to me exceedingly interesting, especially as it has such an intimate bearing on the expansion of the Empire. In writing to you now, however, I wish to be very careful and to guard the position I take from misconception. I can, of course, have nothing to do with the policy of the Canadian Government, and in the present financial condition of the continent I could not, if the matter were referred to me on general principles, recommend any scheme that would increase the liabilities of the Dominion, either directly or indirectly. From the examination of the facts and figures, however, submitted by you, I may say I have arrived at the same conclusion as yourself as to the cost of laying down the cable, and, in my judgment, the conclusion arrived at cannot be regarded as oversanguine or forced in any way. As to the calculations of revenue, I have, of course, taken your own method, and have divided by two the number of words sent in 1892, taking one-half to come over the new cable. But, as it appears from the documents submitted, the cable could not be in operation for three years yet, or until 1898, even if commenced at once, and taking the average annual increase in the messages at 15 per cent., the estimate of the work to be done is, to my mind, very low. It would follow, therefore, judging by the expenditure and by the revenue, that, as far as I can see, with the limited knowledge at my disposal in the matter, and under the conditions named, the cable-line could be laid down and a revenue derived which would meet all the charges. Of course, in all this it must be understood that I am looking at the financial features of the scheme from the documents before me, and that I have no personal or direct knowledge of the laying or working of cable-lines. I do not know that a separate line may not be necessary or that other contingencies may not arise which I have no means of anticipating or foreseeing.

Sandford Fleming, Esq., Ottawa.

Yours, &c.,

J. M. COURTNEY.

(f.) Letter from W. Hepworth Mercer, Esq., Colonial Office, London.

DEAR MR. SANFORD FLEMING,—

Rideau Club, Ottawa, 11th October, 1894.

Before leaving Ottawa I desire to congratulate you on the evidence which is now in the possession of the Canadian Government that your views as to the cost of laying the proposed Pacific cable were moderate and reasonable. It must be a matter of great gratification to you to find, after so many years of controversy and opposition, that your estimates are more than borne out by the practical offers now received.

With regard to the question of the prospective revenue of the cable, I have carefully examined the data and studied the principles upon which you have formulated the estimates contained in your memorandum dated Sydney, 11th October, 1893, and your letter to Mr. Bowell of the 20th July, 1894, and I have satisfied myself that your conclusions are thoroughly sound. Assuming that the cable is to be a Government enterprise, participated in by Great Britain, Canada, and Australasia, I think that the estimates of revenue would at least be fully borne out by actual results. It seems to me that there is now an excellent case for presentation to the various parties interested, and the Australasian Colonies in particular will no doubt look forward to the accomplishment of an enterprise which will, we may fairly hope, give them an unprecedentedly low telegraphic tariff in return for a smaller expenditure than they have been paying for a comparatively high one. I hope, speaking for myself, that in a matter of such wide concern, and involving, besides the direct commercial benefits, results the importance of which cannot be estimated in figures or weighed in a balance-sheet, the Australasian, the Dominion, and the Imperial Governments will be all able to join in the project.

I am, &c.,

W. HEPWORTH MERCER.

STATEMENT No. 2 (REFERRED TO IN THE REPORT OF MR. FLEMING TO THE MINISTER OF TRADE AND COMMERCE, 30TH JANUARY, 1897).

NOTE ON THE PACIFIC CABLE.

London, 16th December, 1896.

On the 12th November last I submitted my views on the subject of the Pacific cable. They were mainly comprised in a statement which I had prepared for the information of the Committee in July last. I feel it my duty now to submit some explanation which appears to be called for.

In the evidence received by the Committee since the 12th ultimo there is a general unanimity of opinion on the following points:—First: That the Fanning Island route cannot be widely departed from. It is true that Admiral Wharton mentioned Palmyra Island as a possible mid-ocean station in place of Fanning Island, but the two islands are relatively not far apart. As no special knowledge exists as to the suitability of Palmyra for cable purposes, and nothing could be gained in respect to distance from Vancouver, for the present at least it may be considered that the route to be followed by the cable is that already known as the Fanning Island route. Second: That the laying of a cable between Canada and the Australasian Colonies on the general route referred to is perfectly practicable from a technical point of view. Third: That there is a general agreement on the question of a survey, the gentlemen examined having generally expressed the opinion that a series of soundings is necessary. It is conceded, however, by every one that all soundings required can easily be made during the period occupied in manufacturing the cable.

With respect to the ownership of the cable, whether it should be owned and worked under Government or by a subsidised company, there does not appear to be any great difference of opinion. Some of the witnesses spoke strongly in favour of Government ownership. It is true that gentlemen who appeared on behalf of the Eastern Extension Telegraph Company objected very decidedly to any cable across the Pacific, whether owned or worked by Government or by a subsidised company. They took the ground that it would be unfair to the Eastern Extension Company to establish a competing line without compensation to that company for loss of business and loss of profit. Several questions were asked me on this point, to which I deferred giving replies. I felt that whatever claims the present company might have on the Imperial Government and the Australian Colonies which had not already been met, that company could have no possible claim on Canada, as the Dominion is not, and never has been, under the slightest obligation to the Eastern Extension Telegraph Company. It may indeed be held that the company has always assumed an attitude of hostility to the aspirations of Canada in respect to the proposed cable, and has for years strenuously opposed all efforts to advance her own and Imperial interests on the Pacific in connection with the union of Australasia and British North America telegraphically. Be that as it may, I can only repeat the view I have often expressed, that if the exigencies of the Empire as a whole demand the establishment of a national work which will interfere with the operations of this private company, every reasonable consideration should be extended to that company by those upon whom it has just claims. But it cannot be supposed that the public interests must be entirely set aside in order that the company may for ever continue to receive large dividends. I will again refer

to the position of the Eastern Extension Company, and suggest a means by which, as it appears to me, the matter can be adjusted in the spirit of justice and fairness.

I have pointed out in what respect there is a general agreement in the views expressed by the several gentlemen examined by the Committee. I shall now refer to an extraordinary diversity of opinion. In this diversity I find ranged on one side the agents of the Eastern Extension Telegraph Company, and two officers of the Post Office Department. On the other side all the highest authorities on electrical science, together with the managers of two important ocean cables, whose evidence was submitted to the Committee. The two officers were Mr. J. C. Lamb, Secretary, and Mr. W. H. Preece, Engineer-in-Chief and Electrician to the General Post Office, London. Their evidence in the main agrees with that of the gentlemen who appeared on behalf of the Eastern Extension Telegraph Company, whose views are adverse to the establishment of the proposed Pacific cable.

The antagonistic evidence is voluminous; if examined it will be seen that the gentlemen who submitted it are substantially of one mind on many subjects. The tone and substance of their observations leaves the impression that they do not look upon the Pacific cable as a necessary or desirable undertaking, and that if established as designed it would be inadequate in capacity and a heavy burden on the public exchequer. I could not venture to take up the time necessary to refute the whole evidence. I will, however, give an illustration. The views of Mr. Preece are, perhaps, the least extreme and the least adverse to the project. Let me direct attention to the replies of that gentleman to question 1365 and following questions. He refers in his replies to a cable which, on the long section between Vancouver and Fanning Island, would consist of 552 lb. of copper and 368 lb. of gutta-percha per knot. The limit of the capacity of this cable would be (he says) three words per minute, that you cannot take a longer working period than ten hours a day and three hundred days in a year. "The result is" (reply to question 1366) "that you cannot calculate on transmitting more than 540,000 words between England and Australasia by means of this cable" in the twelve months. If we turn to other gentlemen who have no connection with the Post Office or the Eastern Extension Telegraph Company, but who are skilled and practical electricians of admitted authority, we find testimony of a very different character. The Messrs. Gray, of the Silvertown Company, state that the cable referred to (552 lb. copper, 368 lb. gutta-percha per knot) would carry fully twelve words per minute, the standard word consisting of five letters. Lord Kelvin confirms this statement. Mr. Alexander Siemens says that the cable proposed by his firm, although somewhat lighter (500 lb. copper, 320 lb. gutta-percha), would in practice give fifteen words per minute. Dr. Alexander Muirhead, the recognised authority on all such matters, states that the cable proposed by Lord Kelvin, and accepted by the Silvertown Company, would give a speed of eighty letters, or sixteen words, a minute simplex, and that by employing the duplex system with automatic transmitting apparatus 90 per cent. more work could be done with perfect ease. That is to say, the cable which the Indianrubber, Gutta-percha, and Telegraph Works Company tendered to the Canadian Government to manufacture, lay, and maintain in working-order for three years, for the total sum of £1,517,000, would be capable of transmitting 152 letters, or over thirty standard words, per minute. The managers of the Anglo-American Telegraph Company and of the Commercial Cable Company each testified that their offices are always open, that there is nothing to prevent them transmitting messages in a continual stream for twenty-four hours a day, and that they saw no reason why the same course should not be followed on the Pacific cable. If, then, taking eighteen business words a minute in place of thirty standard words, we will find that it would be possible to transmit in a year, reckoning twenty-four hours a day and three hundred days in a year, a total volume of 7,776,000 words in place of 540,000 words, the maximum limit given by Mr. Preece, of the Post Office Department.

I am afraid I am unable to congratulate the officers of the General Post Office—at least, those whom it has been my fortune to meet—on the soundness of their estimates or the accuracy of their statements. In the report on the mission to Australia by the Canadian Minister of Trade and Commerce I find at page 76 a reference to a letter addressed to the Colonial Office by Mr. J. C. Lamb, of the General Post Office, London (dated the 5th July, 1893). I beg leave to refer to the whole letter, and I ask permission to quote one paragraph: "On the Vancouver-Fanning section he (the Engineer-in-Chief of the department) is of opinion that to secure even the moderate working-speed of twelve words a minute the cable must have a core of 940 lb. of copper and 940 lb. of gutta-percha to the knot; and the cost of manufacturing and laying such a cable would probably be about £600 per knot, or, say, £2,374,000. The total cost of the whole line from Vancouver to New Zealand would thus be about £2,924,100." This letter was first seen by me in Australia a few weeks after it was written. I have reason to remember the effect it produced when such estimate, coming from such authority, confronted the Canadian delegate on the first week of his arrival in the colonies. I have still further reason to remember the letter, as it had much to do with a journey on my part from Australia to London to inquire into the accuracy of the statements it contains. As the result of my inquiry, I ask permission to direct attention to page 76 of the report on the mission to Australia, and my letter therein contained (dated the 6th February, 1894).

The year following Mr. Lamb's letter of July, 1893, the Canadian Government received tenders for establishing the Pacific cable with precisely the same working-speed as that mentioned by Mr. Lamb—viz., "twelve words a minute." I am aware that during the recent examination a new issue has been raised as to the number of letters in a word, but it cannot be denied that when Mr. Lamb's letter was written a "word" was a conventional term agreed upon by the cable world, and was understood by every one to mean an average word of five letters. Clearly, then, it may be assumed that if Mr. Lamb or Mr. Preece wished to be understood differently they would have stated that they did not mean the common standard word of five letters, but some other word containing a different number of letters.

The tenders received by the Canadian Government embraced more than the estimate contained in Mr. Lamb's letter. In order to make a comparison, therefore, it becomes necessary to add to the estimate what it did not contain—viz., the cost of a cable from New Zealand to Australia, and the maintenance of the whole work from Vancouver to Australasia for three years. The data for these additions is furnished in Mr. Lamb's letter and in the recent evidence of Mr. Preece: (1) Estimate in Mr. Lamb's letter of the cost of a cable between Vancouver and New Zealand, £2,924,100; (2) cable from New Zealand to Australia, 1,066 knots at £150 per knot, £159,900; (3) maintenance for three years, minimum estimate by Mr. Preece, £180,000: total, £3,264,000. We have thus presented to us the estimate of the officers of the Post Office Department, amounting in all to £3,264,000. The Canadian Government has a *bonâ fide* tender to carry out in a complete and satisfactory manner precisely the same work for £1,517,000.

What can be said of such a discrepancy as this? I entertain no doubt as to the great ability, the varied information, and the value of the services of these gentlemen. I can only regret that in my extremely limited knowledge of them I should be so unfortunate as to be driven to the conclusion that, however important the offices they fill, their importance does not make the occupants of the office infallible. In short, I am constrained to form the opinion that they have made a grave mistake, and that to this mistake, and to the unfortunate letter of Mr. Lamb in which it is contained, may be traced the seeming antagonism to a Pacific cable which will be found in the evidence recently submitted. But the tendency to error in matters appertaining to the Pacific cable on the part of officers of the Post Office, I regret to say, is not new. I can recall to my memory the immediate predecessor of Mr. Lamb. He was introduced to the Colonial Conference of 1887 by the Postmaster-General in these words: "I have been fortunate enough to secure the attendance here to-day of my friend Mr. Patey, who is the Secretary of the Post Office, who is specially charged with the telegraphic department, and than whom I suppose no greater authority upon telegraph matters exists. He will be most happy to place his knowledge at the disposal of the Conference, to answer any questions, and take part in any discussion which may arise upon any particular point concerning the telegraph-service of the Empire." Almost the first statement made by this Post Office officer had reference to the depth of the ocean between Australasia and Vancouver. He said: "I think in one or two cases the depth goes down to 11,000 or 12,000 fathoms." After some discussion, in which it was pointed out that the greatest known depth upon the route of the Pacific cable was 3,200 fathoms, the Secretary of the Post Office was again asked the question, "Did we understand you to say 12,000 fathoms?" His answer was, "Yes; 12,000 fathoms." I need scarcely remark that no such ocean depth as 12,000 fathoms is known anywhere, and I refer to these matters simply with a view of showing that, without any intention to mislead, the statements and estimates of these officers concerning cable matters at least are highly misleading, and must be received with caution.

Reverting to the letter of Mr. Lamb (5th July, 1893), there can be no doubt whatever that a grave error was made by the officers of the department. A mistaken estimate was undoubtedly arrived at by them: I do not say with any design. I am bound to assume with good intention. Nevertheless, all the evidence from the best authorities, likewise from actual tenders, prove it to have been a mistake calculated to mislead, and I humbly think it would have been better and more dignified had both Mr. Preece and Mr. Lamb acknowledged the mistake in their present evidence, and not attempted to defend it. It is true their views are in accord with those of the Eastern Extension Company, whose antagonism to the Pacific cable is at least comprehensible. They now find themselves, however, in contradiction to the highest electrical authorities, to the most experienced cable-managers, and to all those who, in the interests of the colonies and the Empire, are striving to establish a national line of communication between the great distant colonies and the Mother-country; I may add to the head of their own department, for Mr. Lamb frankly stated, in reply to question 3083, that the views he expressed were not the views of the Postmaster-General.

Taking exception, then, to the views of the agents of the Eastern Extension Telegraph Company, and of the two Post Office authorities referred to, we have other evidence of the highest value to fall back upon, and on which implicit reliance can be placed. Lord Kelvin, Dr. Muirhead, and Messrs. Gray and Siemens, electricians, together with Messrs. Carson and Ward, the managers of two important trans-Atlantic cable companies, are each and all clearly of opinion that the proposed Pacific cable would have sufficient speed-capacity to transmit full sixty letters per minute simplex; and employing the duplex system now almost universally applied, together with the more recently introduced automatic transmitting apparatus, it would be quite possible to transmit telegraphic business continuously at the rate of 114 letters per minute. With each message transmitted there are certain letters sent which are free—or, rather, that the telegraphing public do not pay for—and there are certain service messages which likewise do not pay. These non-paying letters and words, according to Mr. Carson, manager of the Anglo-American Telegraph Company, do not exceed 15 per cent. of the whole matter transmitted. Mr. Ward, manager of the Commercial Cable Company, places the non-paying matter at 16 per cent.; 84 to 85 per cent. of all traffic may therefore be considered paying traffic. If, then, we take 84½ per cent. of 114 letters we have ninety-six paying letters per minute as the speed-capacity of the cable. In modern business many code words are embraced, and the length of a business word is estimated to contain on an average eight letters. Dividing ninety-six paying letters by eight, we have twelve paying words per minute, after all necessary deductions are made.

In estimating the earning-power of the cable as designed, we are therefore warranted in taking twelve paying words a minute, and certainly 300 working-days a year. With this data, and reckoning 2s. a word as the uniform charge, we have the following results as the possible earnings for the twelve months: Working twelve hours each day, £259,200; fifteen hours, £324,000; eighteen hours, £388,800; twenty-one hours, £453,600; twenty-four hours, £518,400. This shows very plainly that there will be ample capacity in the one single cable designed to transmit all the business which may be developed for many years to come.

I would direct attention to my estimate of gross earnings in page 6 of my statement prepared for the Committee last July. In the table there presented I went no farther than the year 1907, at which date I estimated the earnings from traffic to be £258,500. This is the highest estimate I have made, and it is obvious that the cable designed by Lord Kelvin, with a core on the long section of 552 lb. of copper and 368 lb. of gutta-percha per knot, would be capable of transmitting the volume of traffic required to produce that amount of gross earnings by working only twelve hours a day.

Revenue.

There remains to be considered the revenue which will arise from the traffic which may be expected to pass over the cable. This question is a difficult one, and I quite recognise that it is not possible to demonstrate precisely what the future business may be. In estimates which I have submitted to the Committee I have furnished the grounds for my belief that there will be a natural increase in traffic as the years go on. The increase may not be uniform year by year, but taking a number of years—say, ten years—I have thought that in view of the rapid development of the Australasian Colonies, and the additional facilities for telegraphing which the Pacific cable would provide, together with the reduction in charges, it would be a moderate estimate to reckon on the gross business increasing on an average 15 per cent. a year. Such an estimate may, of course, be held to be a mere conjecture on my part; I have therefore deemed it advisable to obtain the views of gentlemen fully acquainted with the development of the colonies and interested in Australasian trade and commerce. With this object in view, I obtained from the offices of the several Agents-General the names of a few leading men and Australian firms. I sent them a series of questions, asking the favour of replies, the whole of which I am glad to place at the service of the Committee. I may state, as a result of this inquiry, that the expression of opinion is almost unanimous; no less than twenty-four leading Australasian firms or individuals give it as their opinion that an average increase in the yearly volume of business of 15 per cent. is quite a moderate estimate (see abstract of replies appended, page 29).

With respect to the share of business which it would be reasonable to expect would fall to the Pacific cable, among the replies received there are twenty expressing a definite opinion; of these, fifteen, or 75 per cent. of the whole, state the belief that it would be reasonable to count on the new cable obtaining one-half the total business. Most of these gentlemen think the half-share may be reckoned on at once; others, again, within a very short time after its establishment. The remaining five are somewhat doubtful. There is complete unanimity of opinion that the new cable would assist in developing trade and telegraphic communication between the Australasian Colonies and Canada, the United States, and other parts of America, and, as a whole, be of material advantage to the commerce of the Empire. I respectfully submit that these opinions must be taken to sustain the general soundness of the views I have submitted on the growth of telegraphic business, that we may fairly estimate an average increase of 15 per cent. per annum as moderate and reasonable. I have thought, and I still think, that the Pacific cable would obtain not far short of half the total business between Australasia and Great Britain, and that any possible shortage would be more than made good by new traffic between the North American Continent and the Australasian Colonies when facilities for its rapid development are provided by a direct cable across the Pacific.

The Eastern Extension Company.

I ask permission to add a word with respect to the claims for consideration of the Eastern Extension Telegraph Company. The cables of this company extend from Madras easterly to Hongkong *via* Penang and Singapore. At Singapore a branch extends southerly to Australia. Over this branch all the Australian business now passes; it consists of the following cables: From Singapore to Batavia, 1,002 kilometres; from Singapore to Banjoewangie, 1,707 kilometres; from Banjoewangie to Port Darwin (1), 2,104 kilometres; from Banjoewangie to Port Darwin (2), 2,088 kilometres; from Banjoewangie to Roebuck Bay, 1,656 kilometres: total, 8,557 kilometres. 8,557 kilometres equal 4,620 knots, and this length of cable probably cost in the first place about £300,000; but, as some of the portions have been in use many years, the present value of the whole is assumed to be considerably less than that sum. It must be generally recognised that it is supremely important to have all the great possessions of Her Majesty connected by telegraph. A cable connecting Canada with the sister colonies in the South Pacific would bring them into direct touch with the Mother-country, without passing over foreign soil. It would be useful in an eminent degree to commerce. Its tendency would be to preserve peace, and peace is essential to human progress. The security of the present means of telegraphic communication with Australasia would be enhanced by a line across the Pacific. The Empire cannot have too many cables. Belligerents will not be so likely to destroy any one cable if the connection they would sever be maintained by cables ramifying through seas in other parts of the globe. Safety will be in numbers. For these reasons I hold that the Pacific cable will have a most potent influence in binding together the British Empire and preserving it intact. But the Pacific cable cannot be established without interfering more or less with the Eastern Extension Company. It would not interfere with the China business of that company, but it would certainly diminish the traffic, and consequently the profits earned, on the branch from Singapore to Australia. I would respectfully suggest, therefore, that it would be fair to that company, if they desire to be relieved of it, to

purchase from them the Australian branch at a reasonable price, and work it by Government. The justice of this proposal must be obvious: if by reason of the establishment of a work necessary in the public interests, and a part of the property of the company be rendered unprofitable in consequence, that company would have no reasonable ground of complaint if the unprofitable part be taken off the company's hands and the capital returned for investment elsewhere. The branch from Singapore to Australasia in the hands of the Government would, even with a greatly reduced traffic, be self-supporting. Under Government control, the only charge over current and ordinary expenses would be interest on cost at the lowest rate at which money is obtainable by Governments. In this case the branch would be worked as a self-supporting undertaking for the benefit of the public—in the hands of the company, necessarily the branch is worked as part of a system for earning dividends at the expense of the public.

A Second Pacific Cable.

In the evidence submitted to the Committee it has been alleged as absolutely necessary, if a trans-Pacific cable be laid at all, that it should be laid in duplicate. Curiously enough, the gentlemen who have laid greatest stress on the necessity for two cables across the Pacific are among those most averse to the establishment of a Pacific cable under any circumstances. It has been made to appear that a single cable has been rarely laid in any part of the world, and that in cases where two cables are not laid side by side at the same time duplication immediately follows. Mr. Preece could not recall an instance of any company relying on a single cable. The impression conveyed was that provision is made for laying both cables from the start, or directly on the completion of one cable the work of laying the second invariably is proceeded with. I take the liberty of mentioning that this course is not universally followed. The Eastern Extension Company's cable from Madras to Penang was single for twenty-one years; the first cable was laid in 1870, it was duplicated in 1891. The cable of the same company from Penang to Singapore was laid in 1870, it was duplicated in 1892, twenty-two years afterwards. The same company laid a single cable from Australia to Tasmania in 1869, and duplicated it in 1897, after a lapse of eighteen years. The same company laid a single cable from Australia to New Zealand in 1876; the second cable was not laid until 1885. The Cape of Good Hope had telegraphic communication established by a single cable in 1879; duplication was not effected until ten years afterwards. A single cable was laid from Portugal to Brazil in 1874, and it was not duplicated until 1884. There are many other instances; I have, however, mentioned a sufficient number to make plain that there is no such rule invariably followed as that alleged. The duplication of a cable is a matter which is entirely governed by circumstances; generally it is proceeded with when additional facilities are required by the traffic or warranted by the prospect of a rapid development of business. I am perfectly satisfied that eventually many cables will be required across the Pacific, but to my mind there is no necessity for establishing more than one at present. In the event of the cables between Singapore and Australasia passing under Government control, a single Pacific cable would, in reality, constitute a third cable connecting Australasia with the rest of the world, and as such it would greatly diminish the chances of the telegraph separation of these colonies.

Of course, the Eastern Extension Company may decline to part with their Australia branch on reasonable terms, or enter into any traffic arrangement which would be mutually beneficial. In that event the expediency of laying a second Pacific cable would, in course of a few years, become a matter of consideration. Should a second trans-Pacific cable for any reason be deemed advisable, in my judgment the most advantageous arrangement would be, not to lay it alongside the first cable on the Fanning Island route, but to open negotiations for touching at Honolulu. I have formed the opinion that, although the application for landing privileges on one of the Hawaiian Islands proved unsuccessful three years ago, the improved friendly spirit beginning to prevail will before long reach that stage when a desire will be evinced for the landing of a Canada-Australia cable at the capital of these islands. In the United States it is seriously proposed to lay a cable from San Francisco to Japan, and it is not improbable that this undertaking will be assisted by the United States Government. It is obvious that two trans-Pacific cables, one from San Francisco to Japan, another from Vancouver to Australia, crossing at Honolulu, would be exceedingly helpful to each other, as the interchange of messages would be rendered easy, and telegraphic correspondence between the countries at the termini of each cable would be greatly facilitated. This arrangement would practically become an international system to facilitate commerce, so much to be desired.

In view of all the circumstances, if I may venture to express an opinion, it seems to me advisable that a determination should at once be reached to lay a single cable on the Fanning Island route as a national undertaking under Government control, and that the cable should be of the weight and character recommended by Lord Kelvin, seeing that the capacity of such a cable for the transmission of messages would be ample for all purposes. In my view, duplication of the cable should be deferred and an opportunity afforded the Eastern Extension Telegraph Company to consider the suggestion to part with their Australian branch on fair and acceptable terms. Should circumstances in a few years require the laying of a second cable from Canada to Australasia, it is clear, to my mind, that great advantages would result from constituting the second cable essentially a commercial line touching at Honolulu. The cost of a cable from Vancouver to Australia touching at Honolulu would be very little, if anything, over a million sterling. Referring to the main cable, that proposed to be laid on the Fanning Island route, the reliable evidence submitted to the Committee now places the feasibility of the proposal beyond all doubt. It has been established that Canada and Australasia can be connected telegraphically without touching foreign soil, and that a cable of adequate speed-capacity can be laid at a moderate cost. The views respecting traffic, of leading merchants and others familiar with Australian trade, give grounds for the belief that the cable established as a national undertaking would be self-supporting. Nothing in the future is more probable than an augmentation of business resulting from the additional facilities provided by the new line of communication and the lowering of charges. The new line will give an impulse to commercial activity, and, besides being eminently useful to commerce, there may be times in the near future, such as the emergency of a few months back which found South Africa telegraphically isolated, when the value of the Pacific cable would be incalculable. No one can withhold assent from the views of the President of the Postal and Telegraph Conference held in Hobart last year (Hon. J. Gavan Duffy), expressed in these words: "I think that for strategical and Imperial reasons, and for encouraging the growth of the Imperial sentiment, it would be a wise thing to lay this cable. . . . It would be a great spectacle to see the three great branches of the Empire united together, and in times of war it would be of immense value to the Imperial Government and the colonies. If it is undertaken it should be by England and her colonies co-operating together. Of course, we must remember that Canada is not so vitally interested in this question as we are. This will be to us not only a connection with Canada, but a direct connection with the heart of the Empire—London."

SANDFORD FLEMING.

APPENDIX to Preceding STATEMENT No. 2.

ABSTRACT of replies from leading Australasian merchants and others respecting the growth of traffic, the probable earnings of the Pacific cable, and the effect of that undertaking on general commerce, referred to in the note on the Pacific cable by Mr. Sandford Fleming, London, 16th December, 1896.

In order to ascertain the views of mercantile men and others interested in the Australasian trade, replies were invited to the following question (December, 1896):—

FIRST.—*The Probable Development of Telegraph Business.*

Questions.—(1.) With great facilities for business created by the establishment of the Pacific cable and the charges lowered to 3s. per word, would it be reasonable to expect that the gross telegraph business between Australasia and Europe would increase in future years? (2.) Considering the rapid development of the Australasian Colonies, the improved facilities and reduced tariff by the Pacific cable, and having reference to the growth of telegraph business during the past twenty years, would it be unreasonable to expect for a number of years to come an average annual increase of 15 per cent. in the total traffic between Australasia and Europe? (3.) If you think 15 per cent. unreasonable under all the circumstances, please state your opinion of the probable traffic in future years.

Answers.—To the above questions answers have been received as follows:—(1.) From Ross and Glendining, 63, Finsbury Pavement, E.C., London: Q. 1. Undoubtedly. Q. 2. We believe an increase of 15 per cent. a moderate estimate.—(2.) From W. Weddell and Co., 16, St. Helen's Place, London: Q. 1. Certainly. Q. 2. Yes; 15 per cent. increase is a reasonable estimate.—(3.) From Mr. John Beaumont, 138, Leadenhall Street: Q. 1. Yes. Q. 2. No; with charges lowered to 3s. per word, I think 50 per cent. more probable.—(4.) From Mr. James Huddart, 22, Billiter Street, E.C.: Q. 1. Yes. Q. 2. Yes; look at the development of cable traffic across the Atlantic by reason of reduced charges. I think 15 per cent. reasonable.—(5.) From Sargood, Butler, Nichol, and Ewen, 11, Bunhill Row: Q. 1. Yes. Q. 2. Yes.—(6.) From Sargood, Son, and Ewen, 11, Bunhill Row: Q. 1. Yes. Q. 2. Yes.—(7.) From Shaw, Savill, and Albion Company, 34, Leadenhall Street: Q. 1. Yes. Q. 2. 15 per cent. annual increase might reasonably be expected.—(8.) From McLean Brothers and Rigg, 1, Fenchurch Avenue, E.C.: Q. 1. Certainly. Q. 2. We should think considerably more.—(9.) From James McEwan and Co., 27, Lombard Street, E.C.: Q. 1. Yes, certainly. Q. 2. I think it would not be unreasonable.—(10.) From the Bank of Australasia, 4, Threadneedle Street: Q. 1. As the business has increased largely of late years, it would be unreasonable to suppose that it would not continue to do so if the rates were reduced. Q. 2. As the rate of increase has for some years past been largely in excess of 15 per cent., the opinion may fairly be held that the latter figure would not be an excessive estimate.—(11.) From Grimwade, Ridley, and Co., 82, Bishopsgate Street: Q. 1. Our experience has been that reductions in cost of telegraphing has resulted in increased use of cables. Q. 2. We should not consider this an unreasonable increase to look for.—(12.) From J. E. Nathan, 7, Fenchurch Street: Q. 1. Yes. Q. 2. Yes, I think this very reasonable.—(13.) From Sir Julius Vogel, Hillenden, East Molesey: Q. 1. Most decidedly. Q. 2. The annual increase of traffic would be very large, but not at a uniform rate. During the first five years it would, in my opinion, more than double, or an increase of more than 15 per cent. per annum for these years. The normal increase subsequently would probably be at a less rate.—(14.) From Turnbull, Martin, and Co., 112, Fenchurch Street: Q. 1. Certain. Q. 2. No.—(15.) From W. Lund, 3, East India Avenue: Q. 1. Yes. Q. 2. I should consider 15 per cent. increase very reasonable.—(16.) From Loughland, Mackay, and Baker, 50, Lime Street: Q. 1. Yes. Q. 2. No.—(17.) From S. Hoffnung and Co., 102, Fore Street, E.C.: Q. 1. Yes, but not in proportion to the reduction in cost. Q. 2. Yes.—(18.) From Colonial Consignment and Distribution Company (E. Montague Wilson): Q. 1. Yes. Q. 2. 15 per cent. increase not unreasonable; but it must be remembered that the last two years have shown exceptional traffic with West Australia, which is not so active at present.—(19.) From Nathaniel Cork, managing director, Commercial Banking Company, of Sydney: Q. 1. Yes. Q. 2. Since the last reduction in rate the number of messages to and from the bank has increased 63·2 per cent., and the volume has increased by a far larger percentage, so that a further increase of 15 per cent. consequent upon a reduction of 40 per cent. in the tariff might very reasonably be expected.—(20.) From Milburn and Co., Billiter Avenue: Q. 1. Yes. Q. 2. No.—(21.) From Sir Edwin Dawes, 23, Great Winchester Street: Q. 1. Yes, judging by past experience. Q. 2. No, considering the increasing vitality of trade with Australasia and the internal development of colonial resources.—(22.) From Gray, Dawes, and Co., 23, Great Winchester Street: Q. 1. Yes, judging by past experience. Q. 2. No.—(23.) From the Australian Joint-stock Bank, 2, King William Street: Q. 1. Yes. Q. 2. No.—(24.) From Gilbert J. McCaul and Co., 27, Walbrook Street: Q. 1. Certainly. Q. 2. Safe to reckon on 15 per cent. increase.—(25.) From Richard Maxwell, 15, Moorgate Street: Q. 1. Undoubtedly. Q. 2. Not unreasonable.—(26.) From McIlwraith, McEacharn, and Co., 3 and 4, Lime Street Square, E.C.: Q. 1. Perfectly reasonable. Q. 2. Not at all.—(27.) From Joseph Gould, Christchurch, New Zealand: Q. 1. Yes, certainly, it would increase. Q. 2. I think 15 per cent. per annum a moderate estimate of the probable increase.

SECOND.—The Probable Traffic of the Pacific Cable and its Effect on the Commerce of the Empire as a Whole.

Questions.—(4.) Would the Pacific cable be likely to obtain a fair share of the total telegraph business between Australasia and the United Kingdom? (5.) Would it be reasonable to count on the Pacific cable obtaining one-half of the total business between Australasia and the United Kingdom? (6.) If you think the Pacific cable would not obtain as much as one-half of the total business, please state what proportion of the whole might, in your opinion, fall to its share. (7.) Can it reasonably be expected that the establishment of the Pacific cable as proposed would assist in developing trade and telegraphic communication between the Australasian Colonies and Canada, the United States and other parts of America, and as a whole be of material advantage to the commerce of the Empire?

Answers.—To these questions replies have been received as follows:—(1.) From Ross and Glendining, 63, Finsbury Pavement, E.C.: Q. 4. We believe so. Q. 5. We believe this would happen in a short time. Q. 7. We have no doubt of it, and would use the cable ourselves if laid to a much greater extent than we use the existing cables.—(2.) From W. Weddell and Co., 16, St. Helen's Place: Q. 4. Yes, if as efficiently worked as the Eastern Telegraph Company. Q. 5. Yes. Q. 7. Most certainly.—(3.) From John Beaumont, 138, Leadenhall Street: Q. 4. Yes. Q. 5. More, if the Pacific cable did not mutilate as much as existing cables. Q. 7. Yes.—(4.) From James Huddart, 22, Billiter Street, E.C.: Q. 4. Without doubt. Q. 5. I think so. It would be the policy of merchants to keep it alive. Q. 7. As certain as gravitation.—(5.) From Sargood, Butler, Nichol, and Ewen, 11, Bunhill Row: Q. 4. Yes. Q. 5. Yes, provided the charges were equal. Q. 7. Yes, it could not fail to be of material advantage.—(6.) From Sargood, Son, and Ewen, 11, Bunhill Row: Q. 4. Yes. Q. 5. Yes. Q. 7. Yes.—(7.) From Shaw, Savill, and Albion Company, 34, Leadenhall Street: Q. 4 and Q. 5. Yes, the extent of this would entirely depend upon how the business was conducted. Q. 7. Yes.—(8.) From McLean Brothers and Rigg, 1, Fenchurch Avenue, E.C.: Q. 4. It largely depends on the mode of business. Q. 5. Should scarcely think so, but the former answer somewhat governs this. Q. 7. Yes.—(9.) From James McEwan and Co., 27, Lombard Street: Q. 4. This would depend on the rates charged. Q. 5. I doubt it unless the new line was more accurately worked than the present. Q. 6. I cannot form an opinion. Q. 7. I think so.—(10.) From the Bank of Australasia, 4, Threadneedle Street: Q. 4. If the service should be as well performed. Q. 5. No means of judging. Q. 7. On the principle that two routes are better than one, a material advantage should accrue.—(11.) From Grimwade, Ridley, and Co., 82, Bishopsgate Street: Qs. 4, 5, 6, and 7. In our opinion, if the new proposed route is cheaper than existing routes it would naturally command support from all needing to cable; possibly increased facilities of inter-communication may benefit commerce. One thing is certain, that it will increase the work that has to be done on this side.—(12.) From J. E. Nathan, 7, Fenchurch Street: Q. 4. Most decidedly. Q. 5. Yes. Q. 7. Yes, certainly, and decidedly of very great advantage.—(13.) From Sir Julius Vogel, Hillenden, East Molesey (letter appended): Q. 4. See answer 6. Q. 5. Certainly not with one cable only. Q. 6. If the Eastern companies charge the same, I do not think the Pacific route will obtain more than a quarter to a third of the traffic, so long as the system comprises only one cable. The proportion will be liable to considerable decrease if the cable is interrupted frequently or for lengthened periods. The Governments may assist traffic by their own business, and by giving the route preference for unmarked messages. It would not be safe to calculate on more than (if so much as) a third. See my covering letter (appended). Q. 7. Most certainly, yes.—(14.) From Turnbull, Martin, and Co., 112, Fenchurch Street: Q. 4. Yes. Q. 5. Yes. Q. 7. Yes. I am connected with companies paying considerably over £2,000 a year in telegraphing to Australian Colonies.—(15.) From W. Lund, 3, East India Avenue: Q. 4. Yes, if the messages were delivered speedily and accurately. Q. 5. Yes; probably more. Q. 7. I consider it would be of very material advantage to the commerce of the Empire.—(16.) From Loughland, Mackay, and Baker, 50, Lime Street: Q. 4. Yes. Q. 5. Yes, in time. Q. 7. Most certainly; we come to this conclusion after fifty years' experience of Australian trade.—(17.) From S. Hoffnung and Co., 102, Fore Street, E.C.: Q. 4. Yes. Q. 5. Certainly not at first. An established company will retain a large proportion of a trade or business in spite of opposition. Q. 7. Yes.—(18.) From the Colonial Consignment and Distribution Company (E. Montague Wilson): Qs. 4, 5, and 6. A fair share, but probably not for some time half the business if the existing company works at same tariff. Q. 7. Undoubtedly.—(19.) From Nathaniel Cork, for Commercial Banking Company of Sydney: Q. 4. Yes, provided the messages between London and the colonies received each day at 4 p.m. are delivered by 10 a.m. at either end. Q. 5. Certainly yes, if the above condition can be relied on. Q. 7. Means of communication with the Pacific is much needed. There can be no doubt that a cable between Australia and British North America would lead to a large business between the two. Australia would take American timber and wheat. America would import coal, wool, and fruit.—(20.) From William Milburn and Co., Billiter Avenue: Q. 4. On equal

terms, yes. Q. 5. That would depend on facilities given.—(21.) From Sir Edwyn Dawes, 23, Great Winchester Street: Q. 4. Yes, if rapidity and accuracy in transmission are insured. Q. 5. Yes, in course of time, owing to the national interest in the movement, if charges and facilities are equal. Q. 7. Undoubtedly, if a moderate tariff is fixed.—(22.) From Gray, Dawes, and Co., 23, Great Winchester Street: Q. 4. Yes, with rapidity and accuracy secured on account of the lines traversing British territory only. Q. 5. This would depend on the speed and accuracy with which the business was carried through. Q. 7. Yes.—(23.) From McIlwraith, McEachran, and Co., 3 and 4, Lime Street Square, E.C.: Q. 4. We think a Pacific cable would absorb the largest proportion of the business. Q. 5. We should say a higher figure than 50 per cent. Q. 7. We consider that a Pacific cable would be of immense advantage in developing the trade of Australasia.—(24.) From Joseph Gould, Christchurch, New Zealand: Qs. 4, 5, and 6. Yes, more than a full share. The colonial public do not like the idea of the cables going through Dutch hands, and would prefer the Pacific cable. Q. 7. I do not think that there can ever be a very big trade between the United States of America or Canada, as they produce the same things principally as the colonies, but the cable would certainly assist business generally, and a reduction in the cost of cabling would lead to an increased use of the cable.

Letter referred to in the Answers to Questions by Sir Julius Vogel (No. 13).

SIR,—

7th December, 1896.

I have the honour to acknowledge the receipt of your letter of the 4th instant, with an enclosure. I do not know why you wrote to me, since your inquiry purports to be one addressed to "mercantile men engaged in the Australasian trade," and I am not a mercantile man. Officially I have been interested in the question of a Pacific cable to connect Australia with America for many years past. I believe I originated the idea, and I have written a great deal about it. I am not sure that the Committee should not have invited from me any information it desired me to give, and I have to ask you to be good enough to lay before the Committee a copy of this letter and of my replies to your questions, which I have pleasure in answering because I know of your indefatigable exertions in the cause.

There is one factor which essentially concerns most of your questions, and that is the terms upon which you propose to work with the Eastern and Eastern Extension Companies. Are they to be able to obtain a control over your enterprise? If so, it is hardly to be supposed they will give you half the traffic, as several of their lines are duplicated. Even supposing you run in honest opposition at the same rates they would have all the West Australian and South Australian business, the bulk of the Victorian business, and a considerable quantity of that of New South Wales. The intercolonial rates will, I believe, give an advantage to the Eastern lines with regard to the first two-mentioned colonies, unless Adelaide is in direct communication with Sydney, of which I am not aware. Victoria will probably be on an equal footing with both systems. But both this colony and New South Wales, if the rates are the same, will largely adhere to the existing route, because the big houses will fear that if any mischance befall the Pacific cable they will be put by the Eastern companies on worse terms if they have been in the habit of using the Pacific line. You attach, I think, too much importance to the Canadian route proving of superior accuracy. The present route now gives fairly accurate transmissions. In recounting the number of repeating-stations you do not estimate those on the overland route through Canada, nor do you take into account the value of the trained operators accustomed to deal with the code words which constitute a great part of the messages. In point of accuracy I think a long time will elapse before the Canadian route will be entitled to preference.* The crucial question in estimating the traffic is, can the Eastern companies reduce the rate to 3s.? and I believe there is no doubt they can. In fact, in your memorandum you admit it. They cannot, however, go much below it, and I am disappointed at your having fixed the rate at 3s. I had looked for its being fixed at 2s. I do not hesitate to say that at 2s. your revenue would be much larger than at 3s., because you would have the bulk of the business. Supposing you are compelled to adhere to the latter rate, I am far from saying that your enterprise is not desirable, and that though it would be less remunerative it would not be a financial success. You would obtain a considerable portion, though not a half, of the through business, and you would also as time went on have a very large traffic from and to all the Australasian Colonies and America. In any case, therefore, I think the enterprise justified, but provision should be made for supplying a second cable as soon as practicable. Your questions suppose a uniform annual progress, and you speak of an annual increase of 15 per cent., which means doubling the traffic every five years. I have no doubt that the volume of Australasian cabling will be more than doubled the first five years, with the reduction of the charge to 3s. a word, but it cannot continue indefinitely to increase at that rate. At 2s. the increase would be much larger and your share much greater.

I have, &c.,

JULIUS VOGEL.

Sandford Fleming, Esq., &c.

LETTER to the PREMIER on the Present Position and Financial Prospects of the Pacific Cable,
by SANDFORD FLEMING.

SIR,—

Ottawa, 20th May, 1897.

I deem it my duty to submit to your attention the following additional information in connection with the proceedings taken last year by the Committee appointed by the Imperial Government to consider the proposal to establish an electric cable from the western shore of the Dominion to the Australian Colonies. In my judgment, great importance must be attached to the facts I ask your leave to lay before you.

Apart from the national value of the proposed Pacific telegraph-cable as the means of instantaneous communication between distant portions of the Empire, its financial aspect as a commercial undertaking calls for the most careful consideration. On the theory that the cable will be established as a State work under federated ownership, I have formed the firm opinion that the revenue from ordinary business will be amply sufficient to meet every charge of service and maintenance, and that it will make the line perfectly self-supporting, even from the first day it may be opened for general traffic. I have been led to this conclusion by the careful examination of the returns of traffic for the past years, and by a study of those circumstances which have a special bearing on the business of the future. This investigation has satisfied me that, the Pacific cable being in operation, a considerable volume of telegraph business would speedily be developed between Canada and Australasia; that, even without taking into consideration this new trans-Pacific business, the ordinary telegraph traffic between Australia, New Zealand, and Europe is of such a character and volume as to render it extremely improbable that the new cable-service would entail any permanent charge, or any charge whatever, on the public exchequer.

* NOTE.—In reference to the remarks of Sir Julius Vogel in the above letter, the undersigned deems it proper to point out that it is manual as distinguished from automatic repetitions which causes delay and increases the chances of error in the transmission of messages. The repeating-stations on the overland route through Canada are automatic, and in a comparison should not be taken into account. By the Eastern route there are ten manual repeating-stations intervening between Great Britain and Australia—viz., Gibraltar, Malta, Alexandria, Suez, Aden, Bombay, Madras, Penang, Singapore, and Java. By the Pacific route there would be five manual repeating-stations—viz., Canso, Vancouver, Fanning Island, Fiji, and Norfolk Island. With but half the number of such repeating-stations, naturally the tendency to greater accuracy and speed in transmission and generally to a better service by the new route would be increased.—SANDFORD FLEMING.

The profits to be derived from the Australasian-European traffic will of course be determined by the amount of service performed. It will in fact depend, first, on the future growth and development of such traffic as already exists, and, secondly, on the proportion of the business which may be diverted from the old channel to the new line.

The steady and extraordinary growth of telegraphy between Australasia and Great Britain is made apparent by the number of words transmitted by the existing line *via* Egypt and India. The following statement gives the volume of business at intervals of five years: 1875, total words transmitted, 235,160; 1880, 353,348; 1885, 537,355; 1890, 827,278; 1895, 1,948,639. These figures are taken from the Government returns; certainly they display an amazing vitality in telegraphy between the sister colonies and the Mother-country, a vitality which received a great impulse by the reduction of the charges on messages six years ago, and which it may be confidently assumed will be further stimulated by the proposed reduction of charges consequent on the laying of the Pacific cable.

At the recent meetings of the Imperial Committee doubts were expressed as to the volume of business being maintained. It was urged that there were exceptional circumstances to favour the increase of traffic in 1895, and that in all probability the returns for 1896 would show a considerable decrease. If the tendency of these anticipations was to create misgivings, I have the satisfaction of knowing that they can no longer be entertained, for the fears expressed on this point have proved groundless. By a recent communication to the Minister of Trade and Commerce from Mr. J. S. Larke, the Commercial Agent of Canada in the Australasian Colonies, it is shown that the business for 1896, instead of being less than 1895, exceeds it by 378,345 words, or about 20 per cent. on the traffic for the year. Mr. Larke thus summarises the telegraph business for the last six years: In 1891, total words transmitted, 1,110,869; in 1892, 1,321,412; in 1893, 1,401,293; in 1894, 1,323,243; in 1895, 1,948,639; in 1896, 2,326,984.

Mr. Larke proceeds: "This shows a remarkable development of cable-work. It was held by some here that the increase of cabling would be slow in the years to come, and that Mr. Fleming's estimates were absurdly high. The work done last year was nearly 45 per cent. higher than Mr. Fleming's estimate made in 1893, and the increase of the last five years was much greater than that of any preceding quinquennial period. The last returns more than support the opinion of Mr. Fleming, that the revenue of the cable for the year 1900 would be £143,000, making it self-sustaining from the first year of its operation. At the same time the Eastern Extension Company, which now controls the business, will secure a larger revenue on the reduced rate than it had on the present rate in 1891."

Mr. Larke has referred to the estimates made by me in 1893. When present in Australia in that year I had the advantage of possessing the information obtainable at the Government Offices, kindly placed at my disposal by the Premiers of the several colonies. I was thus placed in a position to form an estimate of the future traffic. On the data thus obtained I reached the conclusion that the Pacific cable, if established by the Government as previously suggested, would at an early date be self-sustaining, and within four or five years would prove profitable as a commercial enterprise (Report on the Mission to Australia, pages 71-72). That I then took a moderate view of the development of traffic is obvious from a comparison of my estimate of the probable business in future years, submitted to the Australasian Government by me in October, 1893, with the actual number of words transmitted in each year since that date:—

					Estimate made in 1893.	Words transmitted Yearly.
1894	...	...	...	...	1,275,191	1,323,243
1895	...	...	...	...	1,453,716	1,948,639
1896	...	...	...	...	1,632,244	2,326,984

The comparison shows that in 1894 the actual business exceeded my forecast by 4 per cent., in 1895 by 34 per cent., and in 1896 by 42 per cent. In no spirit of self-laudation I refer to these facts, they are now mentioned as a proof of my endeavour to keep my estimates equally of revenue as of expenditure within justifiable limits, and that I cannot be charged with having been too sanguine. The results, indeed, are far above the estimates I submitted in 1893; at that time I counted on a growth of business at the average rate of 14 per cent. per annum, but the actual business for the three following years shows that I estimated the increase of traffic at too low a ratio.

In my letter the following year to Sir Mackenzie Bowell (20th July, 1894) I corrected the calculation somewhat by reckoning the growth at 15 per cent. per annum, at the same time pointing out that an annual increase of 18 to 20 per cent. was justified by the evidence. I then wrote: "Manifestly under the low rates proposed to be charged by the Pacific cable the normal increase will be greater than 14 per cent. per annum; more especially as the whole North American business will receive a great incentive from direct communication, and all this additional and constantly growing traffic must find its way by the Pacific cable to and from Australasia. I venture to think that it would not be too sanguine an estimate to place the annual increase of business at 18 or 20 per cent., but to be perfectly safe I shall limit it to 15 per cent. in the calculations which follow—that is to say, 1 per cent. more than the average increase attained under the high tariff for the eight years previous to 1890." Events have proved that my anticipation of growth have been in no way extravagant: in each succeeding year the actual business has considerably exceeded the estimates made by me.

Further evidence respecting the probable growth of telegraph business in future years is furnished by the important testimony of the Australasian gentlemen and leading Australasian and New Zealand business houses, appended to my note dated London, 16th December, 1896. This positive opinion of so many well-known mercantile firms and public men of the highest standing must carry with it the greatest weight. From their knowledge of the circumstances and prospects of the Australasian Colonies there are no persons better qualified to speak authoritatively on the

points on which they were consulted. I beg leave to refer to my note (pages 29 to 32*) for fuller explanations; I will only now remark that the expression of opinion was almost unanimous, as twenty-four out of twenty-seven gave as their belief that an average increase of 15 per cent. in the yearly volume of business may be regarded as a very moderate estimate. With respect to the second consideration—viz., the share of the whole telegraph business which would be obtained by the Pacific cable: this is a matter in which opinions are somewhat less in agreement. Twenty of those named gave definite replies, and fifteen of them expressed their belief that it would be reasonable to count on the Pacific cable obtaining one-half the whole business. Five of the twenty, however, expressed doubt as to the traffic being equally divided.

Having brought under your notice the latest information respecting the development of Australasian traffic, it may be considered desirable and convenient that I should concisely allude to estimates of profit or loss in working the cable, which have recently been prepared. In so doing it will not be necessary to consider at length the annual charges. These are discussed in the report of the Imperial Committee (5th January, 1897), and in other reports. Moreover, the opinions respecting these are now generally in accord.

In summing up the financial position of the cable the Imperial Committee formed the conclusion that the total annual charges, including interest, sinking fund to replace capital, maintenance and working-expenses, would involve an annual expenditure of £144,887, or in round figures £145,000. With regard to the revenue as set forth in their report, they conceived that in this matter "they must be actuated by extreme caution"; accordingly they selected 750,000 words as a basis of calculation for the year 1896, and considered that they might assume the annual increase of traffic at 10 per cent. On this data they show that, reckoning the tariff at 3s. per word, there would be a surplus on the first year's working of £33,550, and that if the tariff be placed at 2s. per word there would be a deficiency in earnings for the first three years ranging from about £35,000 to £12,000 per annum, but during the fourth year of working the cable would become commercially a paying undertaking. Since the date of the report of the Committee the business for the year 1896 has been ascertained to consist of 2,326,984 words, so that the basis of calculation selected by them—viz., 750,000 words for the year 1896—is less than one-third the whole number of words transmitted.

The Canadian Commissioners in their special report (12th January, 1897) favour a higher basis of calculation—viz., a mean between one-third and one-half, which on the total number of words for 1895 would have given 811,820 as the figures for that year. They furnish an estimate in which the annual increase is assumed to be $12\frac{1}{2}$ per cent., the mean between 10 per cent. and 15 per cent. With this data they show that, under a 2s. per word tariff, the undertaking would yield a surplus for the first year of operation, and at the end of six years the accumulation of surplus would be £347,631 after making all charges.

In my own report (30th January, 1897) I have submitted an estimate (No. 3) which is based on the general opinion of the large number of Australasian merchants and public men whom I have referred to. In this estimate it is assumed that the Pacific cable will obtain one-half of the whole business, and that the traffic will increase annually at the average rate of 15 per cent. On this basis the estimate shows that, after meeting every charge against earnings, there would remain in the first year of operation (1900) a surplus of £50,960, that the surplus would go on increasing every year, and in a few years would accumulate to a large sum, so large that I do not think it is taking a too sanguine view to entertain the prospect of a second cable being laid out of surplus earnings; unless it be considered the wiser policy to lower the tariff on messages from time to time, and thus, by facilitating the means of intercourse, promote in the most practical manner a closer intimacy between the sister colonies and the Mother-country.

These several estimates establish the satisfactory financial prospects of the proposed cable in its commercial aspect alone. I am firmly convinced that as a national undertaking it must prove a commercial success, and that all its advantages can be attained without cost to the taxpayer in the United Kingdom, in the Dominion, or in the Australasian Colonies. That the financial prospects are of this character may be attributed to various circumstances, among which may be noted: (1) As a State work the capital employed would be obtained at the lowest possible rate of interest; (2) the capital would be limited to the necessities of actual expenditure in establishing the work—there would be no possibility of enlarging the capital account by adding "promotion expenses," or by "watering stock" in any form, so common with ordinary companies; (3) no dividends would require to be declared out of earnings; (4) there would be no annual bonus expected by shareholders; (5) the traffic necessary to keep the work in profitable operation already exists; (6) such traffic is continually growing, and it is difficult to assign a limit to its growth; (7) the facilities created, and the reduced charges on business, would open up new and profitable sources of traffic for the new line.

There are the strongest reasons for taking a hopeful view of the proposed Pacific cable. In all cases telegraphy as a means of intercourse is being appreciated more and more every day. The extension of its use to many purposes is one of the characteristics of the period on which we are entering. In ordinary cases we are daily made to feel the benefits conferred by telegraphy, but its greatest value is in the case of countries geographically separated by the greatest distances. Obviously in the case of the outer Empire the value of cheap telegraphy is incalculable. I have in these sentences submitted to you, from a sense of duty, the latest facts within my knowledge. If in endeavouring to explain their bearing on the Pacific cable I have confined my remarks to the financial aspect of the project, I hope you will not think I have needlessly intruded upon your attention.

I have &c.,

The Hon. Wilfrid Laurier, Premier.

SANDFORD FLEMING.

* Pages 19–22 of this paper.

LETTER to the Right Hon. Sir WILFRID LAURIER, on the Subject of the Pacific Cable, by
SIR SANDFORD FLEMING, 28th December, 1897.

[Reprinted from *Queen's Quarterly*, Vol. 5, No. 3.]

SIR,—

Ottawa, 28th December, 1897.

For some months past I have frequently been asked by writers of the Press to furnish information respecting the Pacific cable. I have been so applied to as it is well known that I have long felt the deepest interest in the project, having been appointed by the Canadian Government to take part in the Colonial Conferences of 1887 and 1894, and in the Imperial Committee of 1896. I have invariably declined to comply with the request from the feeling that it was distinctly understood that the proceedings of the investigation by the Imperial Committee should be treated as confidential until made public by Her Majesty's Government. I have in consequence felt debarred from alluding either to the evidence obtained by the Committee or to the conclusions submitted in their report, or in the special reports presented to the Canadian Government by the Canadian Commissioners and by myself.

These several documents were presented nearly twelve months ago; since then questions have arisen which were not considered by the Imperial Committee, and many important facts are also obtainable from other sources, explanations respecting all of which should, I conceive, be communicated to the public. Since the Imperial Committee closed its investigation the Conference of Colonial Premiers has been held in London. Among other matters the Pacific cable was brought before this Conference, and from what has transpired the subject was complicated by a new proposition having been submitted by the Eastern Extension Telegraph Company. Consequently, the consideration of the project was deferred. Six months has since elapsed, and I feel called upon to make known some facts and explanations bearing on the questions which, in my humble judgment, the public should understand. I trust you will approve of the information being given to the public in the form I have now to submit to you.

I have, &c.,

The Right Hon. Sir Wilfrid Laurier, Premier.

SANDFORD FLEMING.

The Pacific Cable.

Everywhere it is apparent that the British Empire is being formed by a process of growth and development, and there are many forces actively in operation, all tending to give it shape and strength and distinctive character. Lofty ideals are entertained by men of thought, experience, and patriotism; but the future is veiled from us, and we cannot foretell the precise form of relationship which will eventually be assumed by members of the British family of nations in so many meridians of longitude.

If the form of the development to be attained is not clearly foreseen, it can at least be said that the entire British people in all parts of the globe are inspired by a unity of sentiment, and that they are simultaneously moving onwards in one general direction. Progress is the watchword in all quarters. It is impossible not to recognise the advancement perceptible in the colonies of the southern seas, and, equally, the amazing vitality in British Africa. The Dominion of Canada plays an important part in moulding the destiny of her own people and in promoting more intimate relationships between the Motherland and the colonies.

It is but thirty years since the scattered provinces of British North America became federated in one Government. The Dominion thus created inherited many remarkable advantages. It can lay claim to the most important geographical position, owing to its extension between the two great oceans; a position which confers the only means of establishing under the British flag communications between the eastern and western territories of the globe. It enjoys the possession of vast fields of the richest virgin soil, with still unexplored mineral regions of immense extent, and presumably of immense value. The population retains the high qualities of the foremost nations of Western Europe, from which it has sprung; and the wide expanse of unoccupied areas leaves ample room for a large accession to its number. These rich possessions of the Dominion give promise, under wise guidance, of a splendid future. It soon became evident that the development of a country continental in its extent exacted public works of a corresponding magnitude. Lines of railway and telegraph were projected from ocean to ocean, and immediately after confederation both were proceeded with. In 1874 the policy of establishing the telegraph in advance of the railway was determined upon, and, as a corollary to the trans-continental telegraph, the proposal to extend the electric wire across the Pacific naturally followed. It can be said that ever since the telegraph reached the coast of British Columbia the Pacific cable has engaged public attention, and that the necessity of this undertaking has been repeatedly affirmed. It received recognition in the Conference of representative colonial statesmen in London in 1887; in that of Ottawa in 1894; at Telegraph and Postal Conferences in Australasia almost annually; and at various times by chambers of commerce at Home and abroad.

The dominant idea with those who have most strongly advocated the establishment of a Pacific cable has been the unity of the Empire. They foresaw the difficulty of effecting any practical union between communities separated by distance so long as they remained without the means of direct and cheap communication. At the same time it was plain to them that a telegraph across the ocean would foster trade and commerce—the life of an Empire such as ours.

Among the memorable gatherings of representative men, not the least important was the Conference of Premiers in London on the occasion of Her Majesty's Diamond Jubilee. Before these statesmen met, hopes had been entertained that some definite action would be determined for the inauguration of the scheme. Preparations had long been made for joint action. It was one of the

chief objects set apart for special consideration at the Conference of the Imperial and Australasian Governments held at Ottawa in 1894. With this view the Canadian Government, agreeably to a resolution of the Conference, obtained much information on the subject, and transmitted it to all the Governments interested in the projected work. Soon afterwards the Secretary of State for the Colonies (Mr. Chamberlain) invited the Canadian and Australasian Governments to send representatives to London for the purpose of taking part in an Imperial Committee to be appointed specially to receive evidence and consider the project in every detail. The Committee first met on the 5th June, 1896, and on the 5th January, 1897, they reported the results of an exhaustive inquiry.

The proceedings of the Committee and the conclusions which have been formed have not been made public. They have been repeatedly asked for, but, as nothing transpired respecting the labours of the Committee up to the Jubilee week, the opinion gained ground that when the Conference was concluded full information would be given to the public, with the decision arrived at by the Imperial authorities and the colonial Premiers. In many quarters it was expected that action would on that occasion be taken, and that the inauguration of the cable would result as a practical outcome of the Queen's Jubilee. The old proverb tells us that it is often the unexpected which comes to pass. The proceedings of the Conference of Premiers were first made known to the public by an article purporting to be published by authority in the *London Standard* of the 25th July, and the subject of the Pacific cable is thus alluded to: "The Conference left the Pacific-cable scheme in mid-air, and it is very unlikely that anything more will be heard of it for a considerable time. The position was entirely changed by a proposal by the Eastern Extension Telegraph Company to lay an all-British line from Western Australia across the Indian Ocean to Mauritius, thence connecting with the Cape and St. Helena and Ascension. . . . The Eastern Extension Company, it is understood, does not ask for a direct subsidy for the new lines, but seeks other concessions from the Australasian Governments which, if made, will justify them in proceeding with the work."

In the account of the Conference of Premiers laid before the British Parliament there is a reference, in two sentences, to the cable; no mention, however, is made of any proposal having been submitted by the Eastern Extension Company. But the Premier of New South Wales (Mr. Reid) returned home from England through Canada, and, being interviewed by reporters in Montreal, Toronto, and Vancouver, confirmed the statement with respect to the proposal of the Eastern Extension Company. The character of the concessions asked by the company has not been made public, but it has been stated that they desire to obtain exclusive rights for Australia on condition that they connect the colonies with the Cape and lay a new cable from the Cape to England *via* St. Helena, Ascension Island, Sierra Leone, or Bathurst and Gibraltar. This scheme is put forward by the company as a substitute for the Pacific cable.

Owing to the fact that telegraphic connection with the Cape is at present extremely defective, the proposal of the company is undoubtedly of great importance to South Africa. There are two telegraphic routes from England to Cape Colony. Both have landing-stations at Lisbon; one passes through the Mediterranean to Alexandria, through Egypt to Suez, through the Red Sea to Aden, and from Aden the cable follows the east coast of Africa, touching, among other points, at Mozambique and Delagoa Bay, in foreign territory. The other route leaves the first at Lisbon, and follows the west coast of Africa, touching at some fourteen points, eight of which are under foreign flags, those of Portugal, France, and Spain. Interruptions are frequent on both routes. There is evidence to establish that during the past four years communication between England and the Cape has been broken many times, and that the aggregate interruptions have averaged in each year seventy-five days on the west coast route, and eighty-seven days on the east coast route; showing that each cable is unavailable from six to seven days per month. While this refers to the average period that the cables have been thrown out of use, the durations of single interruptions have varied from one to thirty or forty days. As both lines are liable to be broken at the same time, serious inconveniences have not seldom resulted. Every one will remember this contingency occurring when the Transvaal difficulty was at its height. Intense anxiety was then caused during the cable interruption of eleven days, when South Africa was passing through an acute crisis in her history.

Obviously a new cable to the Cape is much required, and, as the frequent interruptions to traffic by the two present routes is to a large extent owing to the fact that the cables are laid in the shallow water which prevails along the African coasts, they are in consequence exposed to accidents to which cables in deep waters are not subjected. That part of the proposal, to touch at St. Helena and Ascension, where the water is of ample depth, would give to the cable the necessary security and avoid the difficulties experienced on the present routes. It is, however, not so clear that the northern half of the new cable would be so fortunate. By landing at Sierra Leone or Bathurst and Gibraltar, and terminating in Cornwall, the cable of necessity would be laid for some distance in shallow seas, where it would be exposed to injury from various causes, and where, too, the agent of an unfriendly nation, or, indeed, an evil-disposed fisherman, would have it in his power to destroy the cable with ease, totally unobserved. For hundreds of miles it would be exposed to such risks.

The question may be asked, would not this proposed new cable from England to the Cape with an extension to Australia be of general advantage? To such a question there is but one answer. It certainly would be of general as well as special advantage, for the reason that we cannot have too many lines of communication. They are needed in the every-day business of trade and shipping, and, moreover, we must come to recognise that a complete telegraph system ramifying wherever Her Majesty's wide domain extends is an essential condition of the life and integrity of the British Empire. It is on this and on other grounds impossible to admit the claim of the Eastern Extension Company, that the proposal submitted by them is preferable to a trans-Pacific cable, and that it will render it unnecessary.

At the Colonial Conference of 1894 the outline of a telegraph system for the Empire was submitted. It was not confined to one side of the globe; the system projected embraced, and

encircled its whole extent. The scheme was illustrated by a map of the world, with the chief cable-lines laid down upon it. If the proceedings of the Conference be referred to it will be seen that a trunk line of telegraph was projected from London through Canada to Australasia, with extensions to South Africa, India, and China. It was shown that by the Canadian route all the chief British possessions on the four continents would be brought into electric touch with each other and with the Imperial centre in London. It was demonstrated, moreover, that this result could be accomplished without touching a single acre of foreign soil, and without traversing shallow seas where cables are most liable to injury from ship's anchors and other causes, and where they can be so easily fished up and destroyed. No fact can with greater confidence be affirmed than that the cables by the Canadian route would be far less vulnerable than the existing cables, or those now projected by the Eastern Extension Company. But even if no advantage in this respect could be claimed, it requires no argument to prove that telegraphic connection between England and Australasia would be infinitely less subject to interruption from accident or wilful injury by having the Canadian line established in addition to the Eastern Extension lines, especially as the former would be on the opposite side of the globe and far removed from the immediate theatre of European complications.

It is not possible to believe that any one disassociated from, and uninfluenced by, the Eastern Extension Company can view the proposed Canadian Pacific cable with disfavour. If it be important to strengthen the connection between the United Kingdom and the outlying portions of the Empire, no one can question its necessity. But the Eastern Extension Company has never taken a friendly view of the Pacific cable. From the first it has been its determined opponent. The proceedings of the Colonial Conferences of 1887 and of 1894 give evidence of this fact. The report on the mission to Australia by the Canadian delegates gives some indication of the intense and persistent antagonism displayed by the company and the manner in which its powerful influence has been employed to thwart the enterprise. It may not be an unwarranted surmise that the immediate purpose of the company in submitting to the Conference of Premiers their new proposal was to divert attention from the Pacific cable.

The Eastern Extension Company represents a combination of associated companies engaged in telegraph transmission between England and Australasia. The lines of the company comprise those of three amalgamated companies: (1.) The "British Indian Extension," from Madras to Singapore, with a share capital of £460,000. (2.) The "British Australian," from Singapore to Australia, with a share capital of £540,000. (3.) The "China Submarine," from Singapore to Hongkong and Shanghai, with a share capital of £525,000. The combined share capital of these three companies amounted to £1,525,000. On their amalgamation the united share capital, by a well-known process of "watering" to the extent of £472,500, was increased nominally to £1,997,500. The united company, since known as the Eastern Extension, Australasia, and China Telegraph Company (Limited), has been exceedingly prosperous; it has paid 7 per cent. on the enlarged capital, equal to 9 per cent. on the original capital. An examination of the published statements establishes that it has in addition expended out of the profits earned no less a sum than £1,571,540 on extensions and other productive works, and there remains unexpended and undivided to-day a reserve of surplus profits amounting to £804,193. These figures establish that the Eastern Extension Company has become a remarkably profitable investment. It regularly pays good dividends, but the dividends are no guide to the profits made. It holds in reserve undivided profits far exceeding in amount the whole value of its cables between Asia and Australia. The accounts of the company for 1896 and the first half of 1897 show that the net profits actually earned during these periods amounted to 13 per cent. on the present capital, and 17 per cent. on the capital prior to its being watered. The company is unwilling to have this state of affairs changed. They know perfectly well that the telegraphic traffic is steadily increasing, and that as the traffic grows the profits will become still greater. It is easy, therefore, to understand why the company has never viewed with friendly feeling the proposed Pacific cable. Its managers are not willing to divide the business with the new line. They must retain it entirely in their possession. They have secured a rich monopoly, and their desire is to make it even more profitable and to strengthen and perpetuate it.

The Pacific cable has been projected in no spirit of hostility to any company or to any country. It has been advocated as a means of extending to the whole Empire the advantages derivable from the geographical position of the Dominion. Canada offers the connecting-link in an Imperial chain of telegraphs encircling the globe. When the project is completed it will bring the Mother-country into direct electrical connection with every one of the great possessions of the Crown in both hemispheres without touching the soil of any foreign Power. Thus it cannot fail in a high degree to promote Imperial unity. Indeed, it is difficult to conceive how a perfect union or any union of the whole is possible without union between the parts. The whole Empire is in strong sympathy with the aims and aspirations which a few years back were limited to a few men of advanced thought. The historical event of last June has shown to the world that "the British people are one people animated by one spirit." It is recognised that we are approaching the period when new relations may be established between the United Kingdom and those younger British communities beyond the seas, known in past history as colonies, but which are passing from colonial tutelage to a higher national status. In order to promote these closer relations, what is more desirable, what more necessary, than that each and all be connected by the appliances which art and science have devised? Canada stands first among the British communities of the outer Empire. Scarcely second to Canada we look forward, in no long period, to welcome the kindred Dominion of Australia comprising under one federal Government half a dozen colonies, each possessing great potentialities. What more in harmony with the spirit of the British people than that Canada and Australia be brought in close communion? Is it not indispensable to vital public interest that those two great

units of the Empire—the island continent in the South Pacific and British North America—should possess the means of instantaneous communication one with the other?

The proposition of the Eastern Extension Company submitted to the Conference of Premiers has no such purpose in view. Its object is, indeed, the very opposite. While the consolidation of the Empire demands that the Queen's subjects in Canada and Australasia shall possess all the advantages which the closest telegraphic connection can effect, the policy which animates that company would cause these communities to remain severed. Is such a policy to be commended? Does not the Eastern Extension Company, when persistently exercising its manifold and widely ramified influence to keep Canada and Australia disunited, assume an attitude of hostility to both countries and to Imperial unity?

In the interests of the Eastern Extension Company the Pacific cable has been declared to be impracticable; its cost has been greatly exaggerated; it has been denounced as a work which could not be maintained without burdensome subsidies; it has been stigmatized as inimical to telegraphy and trade; and it has been decried and misrepresented in every possible manner. The explanation is to be found in the fact that the company is unwilling to relinquish its monopoly, and to rest satisfied in the future with a reasonable return for capital invested. On this point the writer is tempted to quote a single paragraph from his address at the Colonial Conference of 1894, as given in the proceedings (page 85): "The progress and well-being of Canada, Australasia, and the Empire cannot be retarded in order that the lucrative business of a private company may remain without change. Even if the chairman of the Eastern Extension Company succeeded in converting us to his commercial ethics, that the profits of the monopoly he represents must be maintained inviolate, it does not follow that the project of a Pacific cable would not be carried out in some form, even if Canada and Australasia abandon it. There are, indeed, unmistakable signs that a Pacific cable may shortly be carried out by France and the United States. We all know that France has already completed a section of 800 miles at the southern end, and the United States has recently expended \$25,000 in making an elaborate survey of about one-third the whole distance from San Francisco (to the Hawaiian Islands). With a rival line in foreign hands, it is easy to see that the Eastern Extension would gain nothing, while the Empire would lose much."

With respect to the objections raised by the Eastern Extension Company, they have been completely refuted. The very best evidence shows beyond all question that the project is perfectly feasible, that the cable should be established as a State work, that so established the revenue from business obtainable will be ample to meet every charge, including working-expenses, maintenance, renewal, interest on cost, and sinking fund to replace capital; that, in fact, the cable can be established in the most satisfactory manner, and that all its advantages can be attained without any cost whatever to the taxpayer. That the prospects are of this character is attributable to these facts, viz.: (1.) As a State work, the capital employed would be obtained at the lowest possible rate of interest. (2.) The capital would be limited to the necessities of actual expenditure in establishing the work; there would be no possibility of enlarging the capital account by adding "promotion expenses" or by "watering stock" in any form. (3.) No dividend would require to be declared or bonus paid. Revenue would only have to meet ordinary charges, including interest on the actual cost at a low rate, possibly $2\frac{1}{2}$ per cent. (4.) Remunerative traffic which would be controlled by the Australasian Government already exists. (5.) Such traffic is continually growing, and it is difficult to assign a limit to its growth. (6.) The facilities created and the reduced charges would open up a new and profitable business across the Pacific which would be subject to the new line.

Such being the case, the question may be asked, is there any reason other than the opposition of the Eastern Extension Company why the establishment of this important national work should be farther delayed? It must be admitted that the Pacific cable in operation would put an end to the monopoly of the Eastern Extension Company, and diminish the immense profits it enjoys. As, however, less than half the whole traffic would prove remunerative to the Pacific cable, there would remain ample business to the company to yield a good return for the capital invested.

In the memorandum laid before the House of Commons last July by the Secretary of State for the Colonies it is distinctly indicated that, while the Home Government is willing to co-operate with Canada and the Australian Colonies, the Imperial authorities are unable to see the way to take the initiative, and that they "now await definite proposals from the colonies interested before proceeding further in the matter." It unfortunately happens that the Australasian Colonies remain under the disadvantage of being disunited politically, and they are not all equally in favour of the Pacific cable, Western Australia and South Australia being somewhat in sympathy with the Eastern Extension Company. New Zealand, New South Wales, Queensland, and Victoria desire to have the cable laid on the Canadian route. As the traffic to make it a profitable undertaking would have its source chiefly in these colonies, and, moreover, the land-lines within each colony are owned by each respective Government, they have it in their power to control the trans-Pacific telegraphic traffic to the extent required to make the cable a profitable undertaking. At this distance it is not easy to understand why these four colonies do not agree to take some definite line of action. It is now close on six months since the Premiers met in London, and as far as known they have not seen their way to agree to any joint proposal, owing doubtless to unexplained local difficulties. Under these circumstances it is not improper to consider if there be any duty or obligation resting on us in Canada. The Dominion is now looked up to as the elder brother in the British family of kindred nationalities. If as Canadians we have faith in our destiny as no inconsiderable element of the great Empire, are we not called upon again to take the initiative? The Mother-country awaits a proposal. It cannot well come from disunited Australasia. If we are to be brought within speaking-distance of the kindred communities in the southern seas the first impulse must come from ourselves. Shall the opportunity which circumstances have presented be seized, and another proof given to the world that "the Canadian Government and people are determined in all ways to promote Imperial unity?"

SANDFORD FLEMING.

MY DEAR SIR,—

Ottawa, 14th April, 1898.

Referring to the conversation we had this morning, and agreeably to your request, I submit for your further information the following explanations respecting the present position of the projected Pacific cable:—

After you left for England early in March the British Empire League held its annual meeting on the 10th ultimo. The subject was discussed at length, and resolutions were passed pointing out,—(1.) That the telegraph-connection of Canada with the Australasian Colonies by an all-British cable is of the utmost importance to Imperial unity; that such connection would not only foster trade and advance the common interests of the Dominion and the Empire, but be of special value to Canada and Australasia at a time when affairs on the shores of the Pacific are engaging the attention of the world to an extent that may before long involve serious international complications. (2.) That the cable business between Australasia and the Mother-country is enormous and steadily increasing, and it has been ascertained that if less than half the traffic be transmitted by way of Canada it would yield a revenue sufficient to make the Pacific cable, as a State undertaking, a complete commercial success. (3.) That the Australasian Governments have it in their power to furnish traffic to the Pacific cable to the extent required to make the new line self-supporting without involving any charge on the public exchequer. (4.) That events and circumstances imperatively demand that the Government of the Dominion should continue to press the matter to completion, in order that the interests of the Empire may not suffer.

The meeting, after discussion, unanimously resolved, "That the Government and Parliament of Canada be respectfully urged to take such action as may be necessary to secure the early commencement of the Pacific cable, and lead to the commencement of this great Imperial connecting-link." It was further resolved that a committee of the League be appointed with instructions to wait upon the Government for the purpose of presenting the views expressed, and urging the necessity of prompt action in the matter.

The committee appointed having in pursuance of the resolution waited on the First Minister, a suggestion was submitted to him, which appeared to be favourably entertained. It was suggested that possibly the best means of establishing the cable as a State undertaking would be through the instrumentality of a "Pacific Cable Trust" created by the several Parliaments concerned. The trust to be duly empowered to raise the required capital, providing for the replacement of the loan by a sinking fund; and, with respect to this, it may be mentioned that investigations by the Imperial Committee in 1896, and since the Imperial Committee reported, establish beyond all question that the revenue resulting from the co-operation of New Zealand, Queensland, Victoria, and New South Wales with Canada would fully provide for the extinction of the original loan. The proposed "Pacific Cable Trust" would be a small Board on which the associated Governments would be represented. Every detail would be left to this Board; it would be empowered to do everything necessary to lay the cable, to work it for commercial purposes, to collect the revenue and account for its proper expenditure. It is not necessary at present to say any more. It will be obvious to you that, from the ample remunerative traffic which would be secured by the co-partnership arrangement with the four Governments controlling it, the cable trust would be in a position to meet every engagement and place in reserve year by year sufficient provision for the replacement of capital. By this instrumentality the Pacific cable may without difficulty be laid and worked for the common advantage without cost to the taxpayer and without causing any addition to the public debt. In addition to the action taken by the British Empire League, several Boards of Trade in the Dominion considered the question and reached similar conclusions. The resolutions passed by them have been submitted to the Government from time to time. By the last mail from Australia I have received information from official and private sources of an important character.

The Eastern Extension Telegraph Company, the great opponent of Canada in the matter, has an agent actively engaged in these colonies. He is continually using the strongest possible influence to divert attention from the Canadian route, and is taking every means to obtain from the Australasian Governments a subsidy for establishing a rival line by way of the Cape of Good Hope, with a proviso that no assistance be granted to any other line for a period of twenty years. I append a memorandum which refers to this and other points, and I especially invite your attention to that part dealing with "hostile projects."

I append copies of communications which I have received from the Premier of Queensland, dated the 19th February, 1898, and from the Premier of New Zealand, dated the 16th March, 1898. You will see that the Governments of both colonies are strongly in favour of the Pacific cable, and the wish is expressed "that no effort will be spared on the part of Canada to insure the accomplishment of the scheme." Other letters which I have received within the last few days are unofficial. I may, however, state that they point out very decidedly that New South Wales and Victoria will be equally ready to join in the undertaking provided Canada moves in the matter promptly. I learn that about the time the last mail left Sydney a resolution was adopted at a meeting of Premiers held at Melbourne fully confirming this statement. The Premier of New Zealand was not present, but his letter appended speaks for itself. The Premiers of Queensland, New South Wales, Victoria, and Tasmania spoke for their Governments, and it would appear that they are all looking to Canada to take definite action. It is noteworthy evidence of the importance which must be attached to this matter that, while the Pacific cable was being discussed at the meeting of the British Empire League and at the conference with the Canadian First Minister, in Ottawa, precisely at the same time it engaged the attention of the Premiers of the Australian Colonies in Melbourne, and both circumstances were reported side by side in the London Press the following day.

Notwithstanding the widespread interest awakened, and the publicity given to it, I have ventured in the following memorandum to point out that there is danger in delay. Let me, there-

fore, again urge the necessity of action of some kind by your Government. If Canada now moves the cable will be assured. As I have repeatedly stated, this great Imperial connecting-link will cost the taxpayer nothing, and it will add nothing to the public debt.

Hon. R. R. Dobell, Ottawa.

Yours, &c.,

SANDFORD FLEMING.

Letter from the Premier of Queensland.

DEAR SIR,—

Chief Secretary's Office, Brisbane, 19th February, 1898.

With reference to your letter of the 3rd of January ultimo, receipt of which I have already caused to be formally acknowledged, in which you were good enough to forward, for my information, a copy of a letter addressed by you to Sir Wilfrid Laurier, Prime Minister of the Dominion of Canada, on the subject of the Pacific cable, which I have perused with much interest. I now beg to state that the Government of Queensland have in no sense altered their views as to the advantage to be derived by the Australasian Colonies, and the Empire generally, from the construction of the proposed Pacific cable connecting Australia with Great Britain *via* Canada. The matter was, as you are aware, discussed at the conference between the Right Hon. the Secretary of State for the Colonies and the Premiers of the self-governing colonies held in London last year. It was with some surprise I heard Sir Wilfrid Laurier announce during the course of the proceedings that his Government was not yet prepared to give practical effect, so far as the Dominion of Canada was concerned, to the proposal that the colonies interested should guarantee their shares of the cost of the construction of the cable. I am pleased, however, to be able to give you my hearty assurance of our entire sympathy with the movement in favour of this important national undertaking, and I trust that before long it may be possible to take some definite steps in the direction of executing what is by Queensland regarded as not only a very desirable, but a very practical scheme.

Believe me, &c.,

HUGH M. NELSON.

Letter from the Premier of New Zealand.

SIR,—

New Zealand, General Post Office, Wellington, 16th March, 1898.

Referring to my letter of the 12th ultimo, acknowledging receipt of copy of your letter to Sir Wilfrid Laurier on the subject of the Pacific cable, the Right Hon. Mr. Seddon now directs me to say, in reply, that he hopes to hear that no efforts will be spared on the part of Canada to ensure the accomplishment of the scheme for a cable from Australia to the United Kingdom by way of the Pacific. The New Zealand Government strongly favours the Pacific cable.

I have, &c.,

W. GRAY, Secretary.

Sir Sandford Fleming, Ottawa, Canada.

No. 15.

FURTHER PAPERS OF THE CANADIAN HOUSE OF COMMONS.

HOUSE OF COMMONS DEBATES: THIRD SESSION—EIGHTH PARLIAMENT.—DEBATE ON THE PACIFIC CABLE.—OTTAWA, THURSDAY, 26TH MAY, 1898.

Mr. Casey: Before that motion is carried, Mr. Speaker, I wish to bring a matter before the House which I consider is of sufficient importance to justify our devoting a little time to it, even at this late period of the session. I need not say that what I shall bring up is not a motion of want of confidence in the Government, nor even any attempt to find fault with the Government. It is a matter on which I hope to elicit the opinion of the House to some extent, and possibly the opinion of the Government: a matter which I consider to be of Imperial importance. I refer to the question of the laying of a Pacific cable to connect Vancouver with Australasia. It will be within the memory of all of us that this subject has occupied the consideration of colonial Conferences, of colonial Governments, and of this House at different times. Not to go further back than the first Intercolonial Conference of 1887, held in London, we know that resolutions were passed there favourable to the laying of such a cable. Subsequently, when the then Minister of Trade and Commerce (Sir Mackenzie Bowell) visited Australia, negotiations took place which led to the summoning of the Intercolonial Conference in Ottawa in the early summer of 1894, where that question was again considered, and the laying of the cable approved by resolution. I shall not detain the House by reading these resolutions in detail, but I may say they were to the effect that the Imperial Government should be asked to consider as to what aid they would give, and that the Canadian Government should be asked to ascertain what such a cable would probably cost. As a result of that conference, in the year following the Government of this country called for tenders, and the lowest tender for the construction of that cable, and its maintenance for three years by the contractors, including all possible risks during the making and laying of the cable, amounted in round numbers to about one and a half million pounds sterling. None of these tenders were accepted, as they were invited merely for the purpose of ascertaining about what such a cable would cost. The matter was not concluded after these investigations, but early in 1896 an Imperial Committee was called together in London to consider the subject, at which Sir Donald A. Smith (now Lord Strathcona and Mount Royal) and Sir Sandford Fleming were appointed to represent the Canadian Government; there being representatives present from the Imperial Government and from the Australasian colonies. That Committee held its sittings through the summer and autumn of 1896, and at great length investigated all questions connected with the cable, and established not only the practicability of a cable being laid in the waters in question, but also that the cost would be

moderate and the traffic large. The report of that Committee has never been published, for some reasons which are known only to the official mind of the Colonial Office in England. For reasons of policy they have objected to the publication of the report of that Committee. However, the Canadian representative and Sir Sandford Fleming—who did not sit as a member of the Committee, having stepped out and acted as consulting expert only, because the other colonies only sent one representative each—the Canadian representatives reported to the Canadian Government their own proceedings in connection with that Committee. Some considerable time ago I obtained an address from the House asking for the report of that Committee, and the reports of the Canadian representatives thereon. The Secretary of State reports in the return which was brought down yesterday: that “the report itself asked for is held as confidential under instructions from the Imperial authorities not to publish until permission is given to do so.” The reports of the Canadian representative and of Sir Sandford Fleming have been brought down in this return, which I shall certainly not read to the House at this time, although I hope that it will be printed for the information of the public on this very important matter. I will, however, occupy a few moments in reading a letter received from Sir Sandford Fleming by myself, in response to a request of mine for a concise and brief statement of the whole question. The letter is as follows:—

DEAR MR. CASEY,—

Ottawa, May 26th, 1898.

I am very glad to reply to your inquiries. I have recently received many communications from Australia, all pointing to the great interest taken in the Pacific cable, and the desire on the part of these rich and growing communities, seated in that favoured region of the globe, to cultivate close relations with Canada. The communications received embrace official and private letters. Among the former the following extracts from letters received from the Premiers of Queensland and New Zealand may be taken as illustrations.

The Premier of Queensland states in a letter of the 19th February, 1898, that his Government “have in no sense altered their views as to the advantages to be derived by the Australian colonies and the Empire generally from the construction of the proposed Pacific cable, connecting Australia with Great Britain by way of Canada.” He is pleased to be able to give his “hearty assurance of entire sympathy with the movement in favour of this important national undertaking, and trusts that before long it may be possible to take some definite steps in the direction of executing what is by Queensland regarded as not only a very desirable, but a very practicable scheme.”

The Premier of New Zealand, in a letter of the 16th March, 1898, expresses the hope “that no efforts will be spared on the part of Canada to ensure the accomplishment of the scheme for a cable from Australia to the United Kingdom by way of the Pacific.” He adds: “The New Zealand Government strongly favours the Pacific cable.”

In the same month (March) the Premiers of New South Wales, Queensland, Victoria, and Tasmania, met in Melbourne, and agreed on behalf of those colonies to supply one-third of the cost of the Pacific cable if Canada and Great Britain will co-operate with them. New Zealand was not represented at this Conference, but the letter of Mr. Seddon, the Premier, above quoted, indicates that the undertaking is strongly supported by his Government. This fact he communicated to the Conference of Premiers by telegraph.

The cost of the cable has been ascertained to be under £1,500,000, and the most careful experts have calculated that an annual gross income of £150,000 would more than meet interest, sinking fund, working expenses, and maintenance. In the year 1896 the cable traffic between Australasia and Europe, according to Government returns, reached 2,326,984 words. If we reckon the traffic at 3s. a word (the rate between Australia and Europe is 4s. 9d. per word), we have a gross revenue of £349,047, showing very clearly that, even assuming the cable business will never exceed that of 1896, there would be amply remunerative business for the Pacific cable. But the cable business is progressive. The following is a statement taken from the Government returns of the number of words transmitted in each year from 1891 to 1896. The traffic for last year (1897) has not yet been received. Total words transmitted, in 1891, 1,110,869; in 1892, 1,321,412; in 1893, 1,401,293; in 1894, 1,323,243; in 1895, 1,948,630; in 1896, 2,326,984. This establishes that from 1891 to 1896 the cable business has more than doubled, and, in view of the stimulating effect of a new line of communication, it is reasonable to estimate that the gross cable business in 1901 will not be less than 4,000,000 words. As 1,000,000 words at 3s. a word will produce £150,000, the revenue required to cover every charge against the Pacific cable, it is evident that if the Pacific cable obtains one-quarter of the Australian-European traffic it will be a paying concern from the first year it can be put in operation.

To my mind there is no reason to apprehend that the Pacific cable will not obtain far more than one-quarter of the entire cable business. The Australian land lines are public property, managed by the Post Office Departments, and each Government will have the power to direct traffic over the Pacific cable, so as to make it remunerative. The cable business takes its origin chiefly in New South Wales, Queensland, Victoria and New Zealand, and it is obvious that if these colonies have a proprietary interest in the undertaking its complete financial success will be assured. New South Wales, Queensland, and Victoria have agreed through their Premiers to become responsible for one third of the whole cost. It is understood that the Imperial Government will be willing to bear one-third. There remains one-third to be borne by New Zealand and Canada, in proportions to be agreed upon.

These facts and explanations clearly establish that whatever share of the co-partnership may be assumed by Canada the liability will be merely nominal. As the existing traffic alone, without taking into account the new business certain to be created, would be more than sufficient to cover working-expenses, maintenance, interest, and sinking fund to pay off the original loan, all increase of business and all new business to be developed between Canada, the United States, and Australia would swell out receipts in a few years so as to admit of a reduction in charges on messages much below present rates, by which great advantage to the public would result.

It has been proposed to establish this national work through the instrumentality of a Pacific cable trust, to be created by the several Parliaments. This trust to be empowered to raise by loan the required capital, providing for its replacement by sinking fund. The loan to be guaranteed by the associated Governments in agreed proportions. The Pacific cable trust would be a small Board on which the associated Governments would be represented. As empowered by statute it would do everything necessary to establish and operate the line, collect the revenue, and properly account for it. By this means a great national undertaking, designed to promote trade and bring the outer Empire into electric contact, would be easily established without any actual addition to the public debt or any annual charge on the tax-payer.

George E. Casey, Esq., M.P.

Yours, &c.,

SANDFORD FLEMING.

It may be asked, Sir, why, if this enterprise is so sure to pay, it should not be undertaken by a private corporation. The answer is, that if it were undertaken by a private corporation, the provincial Governments in Australasia, which have been referred to, would not be bound by their own interest to send over it the business necessary to make it a paying concern. That is a very sufficient answer in itself. It would have to compete for its business with the Eastern Extension Cable Company, a tremendously wealthy and influential corporation, in trying to get into the good graces of the provincial Governments which control that business, and it is easy to understand that a new company could not compete successfully with an old, influential, and wealthy one. In the second place, the capital could not be obtained at nearly as reasonable rates by a company as by a cable trust, with the guarantee of the different Governments. The ordinary rate of profit expected by investors would certainly range from 5 to 8 per cent., or probably more; whereas the rate of

interest at which money could be borrowed on a Government guarantee would be between $2\frac{1}{2}$ and 3 per cent. That difference is enough to make the distinction between a paying and a non-paying investment. As to the responsibility incurred by the Governments which guarantee this loan, I think Sir Sandford's statement, which he assures me is taken from the Government blue-books of these colonies, is sufficient to make it appear that the responsibility would be purely nominal. I might instance the case of the Intercolonial Railway. When Canada proposed to build that road the Imperial Government, whose credit was so much better than ours, guaranteed a very considerable amount of the bonds, and we got the money at a lower rate of interest than we otherwise could have done. Yet the Imperial Government has never had to pay a cent of the interest on those bonds. When we have a case like this, in which it is clear that the other parties who would go into the enterprise of laying the cable have it in their power to direct over it a paying stream of traffic, and would be interested in doing so as guarantors of the scheme, it seems to me very clear that neither this country nor any of the other colonies would ever have to pay a cent towards liquidating the cost of that cable. Why should Canada take the initiative in this matter? In the first place, because she is the most important colony and most interested in this cable of any except Australia. In the second place, because Canada has acquired already what it is now fashionable to call the hegemony of Greater Britain. She is the most important in the councils of the greater Empire which lies outside the British Islands. Since the day of the Jubilee celebration, I think that cannot be doubted. Ever since then it is admitted by Englishmen that Canada is not only the leader of the colonies, but the leader of the Empire, in many questions of policy, both internal and external. Canada has already gone a long way on certain paths which are intended to promote, not only her own prosperity, but the unity of the Empire and the mutual co-operation of its different members. It is eminently proper, therefore, that Canada should take the initiative in this matter. I do not speak now as if the initiative remained to be taken. Canada has taken the initiative in discussing this matter and obtaining the necessary information with regard to it. What is required is that she should now take the initiative by being the first to lay down a definite scheme to carry out the plans that have already been fully discussed, and take up her share of Imperial responsibility in this connection. The commercial advantages to Canada of this scheme will be great. We have had for some years a line of steamers plying between Vancouver and Australia, but only within this year that line has ceased to pay and has had to be taken over by another company. Why? Simply because there has not been direct telegraphic communication between Canada and Australia. Where there is no direct telegraphic communication, and no ports of call having telegraphic connections between points so far distant as Vancouver and Australia, where ships can call for orders, commerce is sure to languish as it has in this case. Still more from the point of view of the safety of the Empire, and thereby indirectly our own, this cable would be an agency whose importance cannot be exaggerated. In these days of wars and rumours of wars, and of cutting of cables by one of the combatants to embarrass the other, the necessity of a cable with its terminals on British territory is very clearly apparent. This proposed cable line, according to the most feasible route, will start from Vancouver, and then by way of Fanning Island and Fiji to Norfolk Island, from which it will fork to New Zealand and Australia. The total length will be something over 7,000 miles. The committee in England have fully established the feasibility of laying a cable in these waters at a reasonable cost. Under all these circumstances I am sure that we are in a position to ask the Imperial Government to drop the veil of secrecy which has been laid over the matter at present, and to come out fully and frankly and meet ourselves and the other colonies half way, not only in promising support to this scheme, but in maturing and carrying out the project. There is urgency in the matter at present for two reasons. In the first place, this Eastern Extension Company has been trying to obtain the assistance of the Australian colonies to another route, by way of the Cape of Good Hope, from Australia to England. In the second place, the French Government has a cable from New Caledonia to New Zealand, and steps have been taken to construct another link in a route which would connect New Caledonia with Hawaii, and thence by the American cable with San Francisco. If either of these schemes took practical form, the proposal for the Canadian cable would be at an end, because either of the others would serve the purpose of Australia, if not ours. A profitable and growing trade between Australia and Canada cannot be accomplished by any other means than by this electric communication. We should then be the warehouse for European goods going to Australia and Australian goods coming to England over our great national highway, the Canadian Pacific Railway. I do not bring up this question with any idea of forcing the hand of the Government or urging it to say anything definite in the matter to-night, but in the hope that it will promote such a discussion as will give the Government some idea of the feeling in the House and country, and that there will be such discussion in the country, even in these days of interesting war news, as will call public attention to the matter, and enable the people to see that it is a national Canadian, as well as Imperial, work of great importance, and deserving of more activity on our part. I do not know that I have anything further to add to what I have already said, and to the remarks I have quoted from the greatest living authority on submarine cables, Sir Sandford Fleming. I could give interesting details from the various papers brought down, but, although they would add to the interest of the subject, they would not add to the pleasure of the House to-night. I hope to hear from both sides on the question. I am sorry that some honourable gentlemen are not present whom I would desire to see here to-night. I refer to members from British Columbia on this side of the House—I see one on the other side—who are, to my knowledge, in sympathy with this scheme, but I am forced to bring it on in their absence on account of the nearness of prorogation.

Sir Charles Tupper.—I waited, Mr. Speaker, before rising, in the belief that some member of the Government would, in response to the very strong appeal just made by the honourable member for West Elgin (Mr. Casey), favour the House with the position which the Government propose to

take on this very important question. I have not had an opportunity of reading the papers that have been placed on the table, and, from what my honourable friend says, I am afraid I would not derive a great deal of information if I had.

Mr. Casey.—Yes, the report of the Canadian Commissioner is pretty full.

Sir Charles Tupper.—I speak of the matter so far as the views of the Government are concerned, which is an important point; and, from what fell from my honourable friend who has just gone over this subject with so much care and ability, I am afraid I should not have learned a great deal as to the attitude of the Government. But I may say that I am afraid that the Government have scarcely realised our just expectations in regard to this very important matter. The question was taken up with great zeal and great ability long ago by Sir Sandford Fleming, who gave the subject attention, not from the promoter's point of view, because he never dealt with the subject from that standpoint at all, but entirely from the higher point of view of what he could do—and it was a great deal—to bring such facts and evidence to bear upon the question as would commend it to the consideration of the Government, and lead to its being taken up by the Government of Canada and other countries interested with a view to its accomplishment. I do not intend to say a single word with regard to its importance. The honourable member for West Elgin (Mr. Casey) has pointed out that probably the failure of those who undertook the establishment of a line of communication between the great island continent of Australia resulted, to a large extent, from the want of that direct telegraphic communication which so greatly facilitates commercial transactions. I will now give the House a little idea of the position in which that question was when I resigned the position of High Commissioner in London. The great Conference that was held of the Australasian representatives and the representatives of the British Government meeting here with the representatives of Canada gave a great impetus to this project. After consideration of the subject that Conference arrived at a practically unanimous resolution in favour of the question being taken up and pressed upon the consideration of Her Majesty's Government. Lord Jersey, who represented the Imperial Government at that Conference, attached very great importance to this project, and dealt very ably with it in his report to Her Majesty's Government upon the Conference itself. When the present Government came into power I made a very strong appeal, under direction of the Government of Canada, to the Right Hon. Mr. Chamberlain, the Colonial Minister, to take up this question of the Pacific cable connecting Canada with Australasia, and that right honourable gentleman, having given a great deal of attention and careful consideration to the subject, was good enough to receive a deputation. On that occasion I was accompanied to the Colonial Office by the representatives in London of all the Australasian Colonies, including New Zealand, with the exception of the representatives of South Australia and West Australia. We never expected to have the active support of these provinces, for the reason that they had built a very long and expensive line of telegraphic communication across the country connecting with the Eastern Extension Company, and the carrying-out of the project of cable-communication on the Pacific from Vancouver to Australia would tend very much to take away the business upon which this line constructed by South Australia and West Australia depended for its maintenance. I may say that when on the occasion on which, under instructions of the Government of Canada and of all the Australian Governments, except the two I have mentioned, we waited upon the Right Hon. Mr. Chamberlain with a joint request that a Commission should be appointed by Her Majesty's Government for the purpose of taking up the question as to whether it was desirable that this Pacific cable should be established, and in what form it was most likely to be successfully carried out, the Colonial Minister at once warmly entered into the subject, and, in response to our application, agreed promptly to issue a Royal Commission to invite representatives from Canada and from Australia to meet in England for the purpose of conferring with Her Majesty's Government on that subject. And I may say—and it is a very important statement that I am about to make—that Mr. Chamberlain, who is noted not only for his great ability, but for his thorough knowledge of financial questions, stated to the delegation or representatives from Canada and Australia that, having given to the subject the fullest and most careful consideration in his power, and in the light of all the information that could be brought to bear upon it, he had arrived at the conclusion that the accomplishment of the Pacific cable from Vancouver to Australia would not involve, practically, any financial responsibility. He reached this conclusion not only from the evidence that had been submitted by Sir Sandford Fleming, to which he had given careful attention, but from the stronger and more complete evidence afforded by the invitation for tenders by the Government of Canada at the request of the Ottawa Conference. This invitation resulted in obtaining from one of the strongest firms of Great Britain, the Indiarubber and Gutta-percha Cable Company and Works, a tender for the construction and maintenance for three years of the cable. This not only established that the calculations that Sir Sandford Fleming had made—and very elaborate calculations they were—were sound, but that the terms on which one of the strongest cable companies in Great Britain was prepared to carry out the work was nearly a million less than Sir Sandford Fleming had estimated. So that, instead of having been too sanguine, instead of having overestimated the results of his labours, it was found by practical test that his figures were outside figures, and that he could undoubtedly have constructed it at a much lower rate than he had estimated. Not only that, but, as I have said, the Colonial Minister himself declared that, having gone into the subject with great care, he had arrived at the conclusion that this great work in which Her Majesty's Government were most deeply interested could be carried out by the joint operation of Canada, Great Britain, and Australasia, without practically involving any other material financial responsibility whatever. Now, Sir, that was an enormous point gained. A Commission was appointed, and, as the House knows from the papers that have been laid upon the table, no definite conclusion was arrived at. A change of Government occurred about that time, and an alteration was made in the Commission, although I am glad to know that the present Government availed themselves of the invaluable services of Sir Sandford Fleming in this matter, as the previous Government had done, but with

the result that, while we all looked forward to this great Jubilee occasion as one on which we had every reason to believe this important work would be finally arranged, on the contrary, for some cause, to me unaccountable, the work was not proceeded with, but suffered a decided set-back. The honourable member for West Elgin (Mr. Casey) has invited the Government to seek Her Majesty's Government to remove the veil of secrecy and let us see behind the scenes, let us learn why it is that in view of this great work, so vitally important to us and to Australia, equally important to Her Majesty's Government and to the Empire itself, as recent events have strikingly evidenced—why it is that this matter should be apparently in abeyance. Now, Sir, I hold in my hand a paper to which I would like very well to have drawn the attention of the First Minister, who, I am sorry to see, is not in his seat to-night; it contains a statement made apparently with a good deal of authority, and which throws a good deal of responsibility, in regard to the present position of this important question, upon that right honourable gentleman. I hold in my hand a copy of the *London Standard* of the 26th July, 1897. I may say, for the information of some members of the House who may not be aware of the fact, that the *London Standard* is practically the organ of Her Majesty's Government. I do not know a paper published in London that is looked to with the same confidence as the *London Standard* to ascertain the views and sentiments of Her Majesty's Government. This paper professes to give, on what purports to be the best authority, the report of an interview between Mr. Chamberlain and the colonial Premiers. We have had since that a portion of the details laid by that right honourable gentleman himself upon the table of the House, but this inside view of the interview gives us some information above and beyond anything that is to be found in the statements laid upon the table of the House of Commons. I may say that from the very moment that this question of a Pacific cable was mooted it met with the most untiring hostility of the Eastern Extension Cable Company, of which Sir John Pender, a very able man, was the founder, a man of consummate ability, and whose arms were long and far-reaching. I say from the outset this Pacific-cable project met with the determined hostility of the Eastern Extension Cable Company for the obvious reasons that they had practically a monopoly of communication with the great islands of Australasia, and disliked any competition from another and superior line of communication, and one more free from interruption than the line that now exists. Well, it appears that in their untiring efforts to defeat this scheme they brought forward and placed before the Cable Commission in London an alternative scheme. I will now read a report of what professes to be a result of the conference between Mr. Chamberlain and the colonial Premiers:—

The Conference left the Pacific cable-scheme in mid-air, and it is very unlikely that anything more will be heard of it for a considerable time. The position was entirely changed by a proposal by the Eastern Extension Telegraph Company to lay an all-British line from Western Australia across the Indian Ocean to Mauritius, thence connecting with the Cape and St. Helena and Ascension. Under any circumstances, Western Australia and South Australia were opposed to the Pacific cable—[for the reasons I have mentioned]—which would divert traffic from their land-lines, and Victoria was indifferent. New South Wales, Queensland, and New Zealand were, by reason of their geographical position, prepared to subsidise the Pacific line, and if the Home and Canadian Governments had been willing to pay their share, no doubt the scheme would have been carried out. But the Conference soon discovered that the Imperial Treasury was very unwilling indeed to subsidise the line, while Sir Wilfrid Laurier indicated that he mistrusted the estimates of cost, revenue, and maintenance which had been submitted by the projector, and was not prepared to pledge Canada to bear a share of the burden.

Now, Sir, I regret that the right honourable gentleman is not here to give to this House some explanation of the grounds upon which he should have questioned the conclusion of the projector, for that could be no other than Sir Sandford Fleming, as he was the party who had put forward all the data upon which this question was dealt with. I would like to know why he should throw doubt and discredit upon Sir Sandford Fleming's calculations of the cost, when they had been subjected to so severe and important a test as that of being submitted to competition between the great cable companies, and it had been found that, instead of those calculations being unworthy of confidence, he had erred upon the safe side of largely overestimating the cost beyond what it was found an important cable firm in London were prepared to construct the work. If that be a correct statement, I regret very much that such doubts should have been expressed, or that any hesitation should have been expressed by Canada in regard to a matter that I look upon as very important not only to Canada and Australia, but perhaps still more important to the Empire itself. If Her Majesty's Government show a disposition, as here stated, to recede from the position of being prepared to bear a large and substantial portion of the risk, regarded as a very light one by the representative of the Imperial Government, Mr. Chamberlain, a very great change must have taken place in that right honourable gentleman's opinion from the time I had the pleasure of discussing that subject with him in connection with the delegates from all the colonies. I do not intend at this hour to occupy further time than to say that this is a question deserving the hearty support of the Government and Parliament of Canada. I believe it is all but demonstrated that it is of great importance to us, that it would make Canada the great highway and thoroughfare for a very large amount of the cable-communication between the great island continent of Australasia and Europe; that it would have insured us a position that would have been one of great value commercially, that it would have been attended with a very moderate charge, if any, on the revenues of the country, and at the same time have resulted in giving our geographical position that importance to which I think it is justly entitled. I hope the further consideration of this question will lead to its being promptly taken up by the Imperial Government, the Governments of Australasia, and the Government of Canada at no distant day, and that at no distant day we may see that which has been regarded with general favour and as a matter of great importance by all parties, except by those interested, and who have a direct interest, such as the Eastern Extension Cable Company has, in preventing its being carried out.

The Minister of Trade and Commerce (Sir Richard Cartwright).—I do not think it would be safe to accept the *Standard* or any other newspaper as accurately representing what may be the true position of this question. One thing I may assure the honourable gentleman, and that is that

up to a very recent date the Imperial authorities objected to bringing down any further information, and I am justified in saying, in obedience to that intimation, nothing further has been brought down. As to the question itself, no doubt the honourable leader of the Opposition and my honourable friend who has brought this matter under the consideration of the House are quite justified in saying that this is a very important enterprise, and under certain possible conditions it would probably be extremely desirable that the several parties concerned should take steps to bring it about. But as regards the people of Canada at large, with whom we are most concerned, while I am not disposed to say it is of no great consequence to them, I am disposed to say this: that of the three principal parties concerned they are, in my judgment, the least directly concerned. I think the great Australasian group beyond question are the most interested, and next to them, having regard to their enormous interests in the Pacific Ocean at large and in Australasia in particular, I think the Imperial authorities are most interested; and, while not disposed to deny that Canada has a distinct and material interest in promoting trade and commerce with the Australian Colonies, I think I am justified in saying that of the three parties we are the least interested, from a commercial point of view, at all events. Under these circumstances, and bearing in mind that Canada, in my judgment, has been called upon to contribute enormously in proportion to her resources to the building of a trans-continental railway across this continent, in regard to which I have always held the British Government ought to have contributed, and I think the honourable gentleman opposite, if I am not mistaken, was very much of the same opinion—

Sir Charles Tupper.—Hear, hear.

The Minister of Trade and Commerce.—It is no particular secret now that if we had been a little less precipitate in making an agreement for the construction of the Canadian Pacific Railway some thirty years ago, the British Government would have been compelled to have assisted largely in its construction. However, the whole burden fell on Canada. Canada, in carrying that out, in my judgment, rendered great service to the Empire, which has not been adequately acknowledged up to the present time, at all events, by the British Government. Under these circumstances, while I would not be disposed to refuse to take a reasonable share in this cable enterprise, I consider Canada should not be called upon to bear too large a proportion; and that, without entering into any very minute discussion to-night on the subject of the proposed cost and of the proposed revenue which may be obtained from various sources, we in this Dominion are justified in saying, both to the Australasian group and to Great Britain, that after all we should not be called on to contribute to it more than in accordance with our interest. Up to the present time the Government have not found it possible to come to an exact understanding with the other parties to the enterprise, although they have not abandoned the hope that negotiations may yet be carried out to a successful issue. I am not at the present time going to enter into any details about these negotiations, which would rather injure than promote the cause; but of two things the honourable gentleman opposite may rest assured: first, that we shall not lose sight of it; and, second, that we shall feel it our duty to see that Canada is not called upon to bear more than her proper proportion of the cost. It may prove, and I hope it will prove, when this matter is thoroughly brought before the Australian Colonies, and the proposal is placed before the people at Home, that the expectations formed by the gentlemen promoting this scheme are correct, there is reasonable hope that advances will speedily be made which will bring about the realisation of the honourable gentleman's desire. Up to the present moment, although these things are in the air, they are not fully crystallized, I am not in a position to come down to the House with any definite proposition on the subject. Moreover, though Canada is a country of great potential resources, the Dominion and this Government have undertaken a great many expensive operations up to the present moment, and our resources at this time, as we shall be reminded by speeches from honourable gentlemen opposite later on, are very fully engaged. I must say that we should be very careful in regard to entering into any immediate liability, although we may believe there is a reasonably good chance of being recouped within a moderate space of time. I do not want to deter any honourable gentleman who has taken an interest in the subject from giving the House and the Government the benefit of his views. Anything the honourable leader of the Opposition or his friends or our friends may choose to say will be carefully considered by the Government and receive due attention at their hands. We are not, however, in a position to bring down at this moment any suggestion as to the proportion of the enterprise we should undertake, and I hardly think it would be profitable to those who desire to promote this enterprise to enter into any discussion of that phase of the question. As to the general benefit that may follow, I do not dispute it. The only point I make is that, while it may be of interest to Canada, it is of very much more interest to the Australian group, whose inhabitants are wealthy people, quite as wealthy, and perhaps more so, than are Canadians as yet; and to the people of Great Britain, whose interest would be very largely served by having a second line of cable through British territory which would be practically inaccessible to any attempts that may be made by any foe at any time to interrupt communication.

Mr. McNeill.—I do not purpose to detain the House in reference to this matter, but I would like to call the attention of the honourable gentleman (Sir Richard Cartwright) to one fact in connection with the subject which he admits is one of very great importance, and that is that the emissaries of the Eastern Extension Telegraph Company are at present hard at work in Australia doing all they can to induce the Australian Colonies to give up their intention of supporting this project, so that delay now will be exceedingly dangerous. I would also call the honourable gentleman's attention to the fact that the present time seems to be singularly appropriate for urging this question upon the attention of the Imperial authorities. When every one must be alive to the enormous importance of telegraphic communication from one point of the Empire to the other, I should imagine that this was a time, if ever, when an effort should be made to bring this question home with the greatest possible force to the Imperial Government. I find that, in a memorandum

which was recently presented to the Imperial House of Commons by the Colonial Secretary, the Colonial Secretary said that the Imperial authorities were ready to co-operate; willing to co-operate, but that they would not take the initiative, as the initiative should come from the colonies interested. If that initiative is not taken, and if this matter is allowed to drift, the result might be that this hostile cable company may succeed in blocking this very important Imperial scheme altogether. I very much regret that there should have been the delay which has taken place in regard to it. I think it is only too true what was said by the *Standard* in reference to the action taken by our own Prime Minister in England, because I find that in a letter, a copy of which was placed on the table of the House last night, addressed by the Prime Minister of Queensland to Sir Standford Fleming, this sentence occurs:—

The matter was, as you are aware, discussed at the conference between the Right Hon. the Secretary of State for the Colonies and the Premiers of the self-governing colonies, held in London last year, and it was with some surprise that I heard Sir Wilfrid Laurier announce during the course of the proceedings that his Government was not yet prepared to give practical effect, so far as the Dominion of Canada was concerned, to the proposal that the colonies interested should guarantee their shares of the cost of the construction of the cable.

It would seem, therefore, that the information possessed by the *Standard* is correct, and that really Sir Wilfrid Laurier's course in London last year had very much to do with the blocking of this most important Imperial work. It is very unfortunate that that should have been the case. From the best information that we can obtain—from the opinion of the Right Hon. Mr. Chamberlain himself, and from the opinion of many other experts—it would seem that this great Imperial work will not cost the people of Canada one cent; that it will not in any way increase the burdens of the people of Canada; that it will be a self-sustaining concern from the very beginning; and that all the Government of Canada will be asked to do will be to give a guarantee. No one has at all ventured to dispute that fact. Under those circumstances I do think that it is unfortunate that there should be any appearance of stickling for the exact proportion which may be guaranteed by Canada, by Australasia, and by the Mother-country. I believe that the benefit to Canada of the Pacific cable would be enormous, both commercially and as a matter of safety for the whole community. No portion of this cable will be laid upon foreign soil, and it will have this other great element of safety connected with it: that it will be a deep-sea cable—a cable that it will be exceedingly difficult for any hostile Power to reach and interfere with. In that respect it would be very different from the cables proposed to be laid by the Eastern Extension Company, which will be cables laid in shallow waters, and which might be readily interfered with. If through any untoward circumstances the people of this country should be deprived of the advantage which the construction of this cable would bring to them, it would be a very great pity indeed. I would venture to urge upon the Government in the strongest way possible that they should do all that they can do to expedite the negotiations, whatever they may be, that are being carried on at the present time.

Mr. Wallace.—I regret very much that the Government have not a more satisfactory statement to make with regard to this cable. Recent events have made it most imperative that some action should be taken in this regard. I have here a letter written by Mr. Parkin, Principal of Upper Canada College, than whom, I think, no one is more capable of giving an intelligent opinion upon the importance of this cable, both from a Canadian point of view and from the standpoint of a great national British work. Mr. Parkin's letter, which I will take the liberty of reading to the House, is as follows:—

Now for the Pacific Cable.—An Object-lesson which establishes its Utility and its Political Urgency.—*Editor World:* The events of the last few days have brought out with startling vividness some truths which a few thinkers have with pain and difficulty been trying to impress upon our British world of late years. These lessons are now being written in letters of flame on men's minds. The importance of coaling-stations, the need of instant communication with every part of the world, the overwhelming weight of naval defence energy, the amazing significance of sea-power, are things which are now in every man's thoughts. Are we British people going to learn, and learn effectively, one great lesson which they teach? Will the events of the past week at last make us realise the immediate necessity for constructing the Pacific cable? It seems to me that Canada is the country which should move in the matter, and move at once. I believe that the whole thing can be done, so to speak, with the turn of a finger. A joint resolution by both Houses of the Canadian Parliament, addressed to the Queen or to the Colonial Secretary, asking that a Royal Commission should at once be appointed, with full powers to arrange for the construction and operation of a cable from Canada to Australia, and to assign the fair proportion of cost to be borne by the different parts of the Empire, would almost compel action in the matter. Canada's guarantees for the initial cost tacked to the resolution would make it immediately effective. Such a guarantee can be given without any risk. Sir Sandford Fleming has proved over and over again that the cable must necessarily pay for itself. We do not contribute to the Imperial army or navy, which protects us, but we can at least show our national pluck and patriotism in a peaceful enterprise like this. The proposal is made in no jingo spirit. To quote the words used by the American Admiral to Mr. Goschen, as they together viewed last summer the thirty-mile line of British battleships drawn up at Spithead: "This makes for peace." The mere idea of the whole might of the British navy—its North Pacific squadron, its China squadron, its Australian squadron, its West African and East African squadrons, to say nothing of the Channel and Mediterranean fleets, or of the flying squadrons, which we now know can be sent to sea inside of forty-eight hours—launched from every quarter of the globe under the impulse of one will and one national purpose against an enemy, presents, in the light of recent events, a picture of prodigious and irresistible power, which, more than anything else, will make nations disposed to trouble us shrink from war. The comparative paralysis which would fall upon this gigantic machinery if the power of concerted action were removed, as it is likely to be without a Pacific cable, cannot be contemplated with equanimity by a nation which has such vast industrial and commercial interests at stake as have our British people. A single battleship let loose on one of our great cities in any corner of the world would in one hour do more damage than would cover the cost of three such cables. If we have men at Ottawa who know how "to take occasion by the hand," now is the opportunity. Not a moment should be lost, for we know how easily the destructive forces of the world may be let loose. British people hold a position in the world where they must do something more than hope for peace; they must, if possible, command it. This is a time when every link in the Empire should be firmly welded, and Canada has the opportunity of welding one of the most important. I am satisfied that the Government at Ottawa would be heartily supported by men of all parties if they boldly and immediately dealt with the question.—GEO. R. PARKIN.

I think that is a pretty good argument in favour of immediate action without requiring any further remarks from myself.

No. 16.

From the Hon. the PREMIER, Brisbane, to the Hon. the PREMIER, Wellington.

(Telegram.)

Brisbane, 10th August, 1898.

PACIFIC cable. Queensland prepared join other colonies guaranteeing four-ninths of cost of construction.

No. 17.

From the Hon. the PREMIER, Wellington, to the Hon. the PREMIER, Brisbane.

(Telegram.)

Wellington, 11th August, 1898.

CABLEGRAM tenth received. Select Committee here inquiring into Pacific-cable matter. Glad have Queensland with us. Hope communicate with you definitely few days.

No. 18.

Sir SANDFORD FLEMING to the Hon. the PREMIER.

DEAR SIR,—

Ottawa, 5th July, 1898.

I addressed you by letter on the 23rd June. On the 29th June I deemed it expedient to send a telegram to Vancouver to be forwarded by the outgoing steamer of the 30th. The object of this telegram was to qualify my letter of the 23rd, which you will receive by the same steamer. In order to place myself right I feel it my duty to send the following explanations by the next following steamer :—

In the third paragraph from the end of my letter of the 23rd, I stated as follows: "While this apportionment of the liability (viz., Australian Colonies, three-ninths; New Zealand, one-ninth; Great Britain, three-ninths; and Canada, two-ninths) would give to New Zealand an equitable interest, and the Australian Colonies exactly what they agreed at the Melbourne Conference of Premiers to take, it would be less onerous to Canada, and, in my own judgment, more equitable all round. I speak advisedly when I say that I have reason to believe it would be perfectly acceptable to the Ottawa Government."

When I then wrote I felt quite justified in making the above statement. I had addressed Sir Richard Cartwright, who, as Minister of Trade and Commerce, has the subject of the Pacific cable in his hands, and it was on the strength of a note received from him on the 14th June that I addressed you in the terms of my letter of the 23rd June. I have not seen Sir Richard since: he has been and still is away from Ottawa; but I have heard through a mutual friend that he holds the view very strongly that Australia and New Zealand together should assume one-half the whole liability, and leave Great Britain and Canada to bear the other half as they may arrange. Having been so informed I feel it my duty to lose no time in making the correction.

This counter-division adds one-eighteenth to the proportion assigned to the Australasian Colonies, and if Great Britain bears one-third it will reduce Canada's liability by one-eighteenth: that is to say, it would be one-sixth in place of two-ninths. In my judgment it would make no practical difference to Canada whether she assumes one-sixth or two-ninths the liability. It would be a mere nominal liability, and would never cost the Canadian people a single shilling, provided always that the four chief Australasian Colonies embarked in the enterprise with the Dominion, and took a sufficient proprietary interest in it to guarantee that the traffic which they will control would be directed over the new line in sufficient volume to make the undertaking remunerative.

It has been demonstrated over and over again that the cable can be established as a State work without costing Canada, the Australasian Colonies, or the British taxpayer a single penny. If it had been possible to disprove that demonstration it would have been long since disproved by the agents of the Eastern Extension Company. They have, it is true, tried in many subtle ways to throw doubt on it, but the demonstration practically remains unchallenged. The business is so vast and its increase so steady that it will pay interest on capital, maintenance, renewal, sinking-fund, and working expenses, and leave a large margin. Moreover, as another result, the charges on messages would be reduced as profits increased until they reached a lower scale of rates than is now dreamed of. At the risk of repeating myself on this point I will add an extract from a recent letter which I addressed to a Canadian M.P. :—

The cost of the cable has been ascertained to be under £1,500,000, and the most careful experts have calculated that an annual gross income of £150,000 would more than meet interest, sinking fund, working expenses, and maintenance. In the year 1896 the cable traffic between Australasia and Europe, according to Government returns, reached 2,326,984 words. If we reckon the traffic at 3s. a word (the rate between Australia and Europe is 4s. 9d. per word), we have a gross revenue of £349,047, showing very clearly that, even assuming the cable business will never exceed that of 1896, there would be amply remunerative business for the Pacific cable.

But the cable business is progressive. The following is a statement taken from the Government returns of the number of words transmitted in each year from 1891 to 1896: the traffic for last year (1897) has not yet been received:—1891, 1,110,869 words; 1892, 1,321,412; 1893, 1,401,293; 1894, 1,323,243; 1895, 1,948,630; 1896, 2,326,984.

This establishes that from 1891 to 1896 the cable business has more than doubled, and, in view of the stimulating effect of a new line of communication, it is reasonable to estimate that the gross cable business in 1901 will not be less than 4,000,000 words. As 1,000,000 words at 3s. a word will produce £150,000, the revenue required to cover every charge against the Pacific cable, it is evident that if the Pacific cable obtains one-quarter of the Australian-European traffic it will be a paying concern from the first year it can be put in operation.

To my mind there is no reason to apprehend that the Pacific cable will not obtain far more than one quarter of the entire cable business. The Australian land lines are public property, managed by the Post Office Departments,

and each Government will have the power to direct traffic over the Pacific cable, so as to make it remunerative. The cable business takes its origin chiefly in New South Wales, Queensland, Victoria, and New Zealand, and it is obvious that if these colonies have a proprietary interest in the undertaking its complete financial success will be assured.

I have said that, for the reasons given, the difference of one-eighteenth, more or less, in the proportion of guarantee allotted to Canada would be of no practical moment. Equally it can be said that it would not be felt by the combined four Australasian Colonies. It could in truth be affirmed that it would make no difference to them, or any of them, whether their united guarantee be eight-eightieths or nine-eightieths of the whole cost. But Australia and New Zealand are much more interested in the establishment of the Pacific cable as an alternative line than Canada can possibly be.

It is obvious to me that the Minister of Trade and Commerce means business, and that he will advise his Government to join in carrying out the undertaking on condition that Canada guarantees only what he has fixed in his mind to be a fair share. The Southern Colonies can have the cable on these terms.

Yours, &c.,

SANDFORD FLEMING.

The Right Hon. R. J. Seddon, Premier of New Zealand.

Enclosure in No. 18.

[Extract from the *Westminster*, 2nd July, 1898.]

THE BRITISH EMPIRE TO-DAY AND TO-MORROW.—CANADA THE HALF-WAY HOUSE OF THE EMPIRE.

By Principal G. M. GRANT, D.D., LL.D., Queen's University, Kingston.

WITHIN the last year or two Canadians in general have fully awakened to the perception of certain facts and ideas, which are of fundamental importance to them, alike as citizens and as Christians. That the British Empire is not a myth but a reality, a reality which it is the duty of all its members to make more effective; that Canada occupies a unique and most important position in that Empire, as its great half-way house, between Australasia on the one side and the United Kingdom on the other, and that it is our duty to rise to the demands of the position and of the time in which we live; that to-day, as during the two thousand years between Abraham and Jesus, God works out His purposes of love to mankind by a sovereign election of individuals and of nations, and that He has chosen the English-speaking race to contend all the world over for the sacred principles of civil righteousness, public order, liberty, and peace—these are the inspiring facts and ideas to which I refer. For these our fathers poured out their treasure and their blood as freely as water. We have entered into the glorious inheritance purchased by them. Is there nothing for us to do but to live at ease, to scoff at every mention of national sacrifice, and to preach the gospel of dirt, that as man is only an animal he does live by bread alone, and that he is a fool to think of anything but material prosperity? This miserable evangel is preached by men from whom other things might be expected, men who ought to know that our civilisation, with its high thoughts, aims, and inspirations, has come not from rich Sodom, or rich Egypt, or rich Nineveh or Babylon, but from poor, rocky Judea, and next to it from feeble Athens, and from the little city which Romulus and Remus founded on the banks of the Tiber. Let them preach, but let us “arise and build.” We have warnings and encouragement enough. For warning, the fate of Sodom; and “this was the sin of Sodom—pride, fullness of bread, and abundance of idleness in all her borders.” For encouragement, the rise of our Motherland from the comparatively weak Britain of Elizabeth and Knox, of Cromwell, Milton, and the Scottish Covenanters, into the world-wide Empire, whose flag stands everywhere for “the open door,” and for law, for liberty to the slave, and for universal peace, even though we have to fight for it, just as the twenty thousand well-drilled, highly-paid policemen of London are the army prepared to fight for the preservation of its laws, its liberties, and its peace.

How, then, shall we make Canada not only the geographical, but the political and commercial, half-way house of the Empire? We have duties as a colony or Dominion, as a nation, and as an Empire, for so unique is our position that we may be said to be actually or potentially all three. We must attend to parish politics, and it is needless to say that the hand-to-mouth politicians will not let these be neglected; but we must also attend to larger affairs, or we shall suffer from our faithlessness. Selfishness puts on airs as the practical guide of life, but it is blindness to all high and permanent interests. Let us pray that the members of our Government may not be blind; but, if we pray honestly, we shall also act; for as we are a free, self-governing people we cannot expect the Government to be far in advance of the popular will. We must press on the Government its duty. We must support it in efforts to promote the general well-being, though there should be nothing for us individually in these efforts. We must discuss intelligently every proposal that has for its object the knitting together of the Empire, to be an effective instrument for the formation of its best moral ideals. All this is our religious duty; for, as children of the Reformation, we must rise above the mediæval division of life into sacred and secular regions, and believe, with George Herbert, that

Who sweeps a room as for Thy cause
Makes that and the action fine.

In the Imperial projects, in which we should take a hand, it is our duty to act as all engineers do in construction, “work along the lines of least resistance,” act—that is, where the maximum of benefit shall be obtained at the minimum of cost. We should also “do the duty which lies nearest us,” for, when that is done, we shall see more clearly than now what is the next step which we should take.

These thoughts have been suggested to me by reading a “return” which has just been published by the Secretary of State to an address of the House of Commons, dated the 18th April, 1898,

for a copy of the report of the Committee appointed by the Imperial Government in 1896 to consider the question of a telegraph cable between Canada and Australasia; also, of any reports or correspondence to the Canadian Government from the Canadian representatives on said Committee or Sir Sandford Fleming in regard to the same subject.

But what have we to do with a Pacific cable? the ordinary Canadian may ask. Very much, directly and indirectly. Think what an all-important part the telegraph plays in our ordinary life. How could we get along if there were no telegraph-line, especially when the House is sitting, between Ottawa and Toronto, or none between Toronto and Montreal? Yet, if a letter is posted in any one of these cities, we can get an answer from any other of them the very next day. But how is it with the three greatest divisions of the self-governing British Empire? If we write to Australia or New Zealand, months elapse before we can get an answer. If we telegraph, the message—instead of going directly down the Pacific—goes across the Atlantic and then almost round the world the other way, and at rates that are practically prohibitive. If an Australian telegraphs to us, the message has to be sent, in the same way, first to Britain and then across the Atlantic. In other words, instead of being the half-way house of the Empire, as God has made us, Canada is shunted and side-tracked away up a distant back street. Ought we to be quite content with such a situation?

And what if war should break out? Wars have been since the dawn of history, as they were in prehistoric times also; and wars shall be, for a few thousand years to come; although I believe in the coming of the day when wars shall cease to the ends of the earth, because all nations shall be so knit together by commerce, literature, and the knowledge of the Lord that the disturber or wanton breaker of peace shall be sternly arrested by irresistible forces on the side of order. Then, indeed, “the sword shall keep the sword in the scabbard;” but that glorious consummation shall not be in our day, no, nor in the days of our children. When war breaks out, what next? The Eastern Extension telegraph cables skirt hostile shores, and are at many points in such shallow waters that they can be cut without difficulty. At once, then, Great Britain, Australasia, and Canada are severed, and as completely isolated from each other as they were before the first submarine cable was laid. What a condition for an oceanic Empire to be in! Is it necessary to go into details of what this would mean? I think not. My readers may be credited with the possession of at least a minimum of imagination.

How different would the case be if a cable were laid between our Pacific coast and Australia, *via* Fanning Island and Fiji. The termini and intermediate points would be guarded, and grappling for a deep-sea cable is all but impossible as long as Britannia rules the waves. The unity of the Empire would be preserved even in war, and in peace Canada would be the real half-way house of the Empire, with important consequences to its welfare, which need not be enlarged upon at present.

Why should Canada take the initiative in this matter, when it is infinitely more demanded by the commercial necessities of Australia? I answer, in the words of Mr. Casey, in his speech in the House of Commons, Ottawa, on the 26th May: “In the first place, because she is the most important colony, and most interested in this cable of any except Australia. In the second place, because Canada has acquired already what it is now fashionable to call the hegemony of Greater Britain. She is the most important in the councils of the greater Empire which lies outside the British Islands. Since the day of the Jubilee celebration, I think that cannot be doubted. Ever since then it is admitted by Englishmen that Canada is not only the leader of the colonies, but the leader of the Empire, in many questions of policy, both internal and external. Canada has already gone a long way on certain paths which are intended to promote not only her own prosperity, but the unity of the Empire and the mutual co-operation of its different members. It is eminently proper, therefore, that Canada should take the initiative in this matter. I do not speak now as if the initiative remained to be taken. Canada has taken the initiative in discussing this matter and obtaining the necessary information with regard to it. What is required is that she should now take the initiative by being the first to lay down a definite scheme to carry out the plans that have already been fully discussed, and take up her share of Imperial responsibility in this connection.”

Let me add to Mr. Casey's reasons one or two more. In the third place, because it is difficult for Australasia to act, as she is not a political unit, and her whole thought is occupied at present with the problem of her political unification. The British Government cannot be expected to take the initiative, because the share capital of the Eastern Extension Company is owned by people in Britain, including men of great influence in the ranks of the Government and the Opposition, as well as high officials in the departments, and the present value of these shares would be lessened by the laying of an alternative line. The interest earned might actually come down from 18 to 9 or 10 per cent., and men who fear such a contingency are sometimes blind to the public interest. No one wishes to injure legitimate commercial enterprises, but the Eastern Extension has had blood enough, and might well be content now with reasonable profits. In the fourth place, because, in taking the initiative in this matter, Canada would be acting as a partner in the Imperial concern “along the lines of least resistance.” She would confer a boon of quite extraordinary magnitude on the Empire by a policy as wise as it is bold, because it could be carried to successful completion without costing the Canadian, the Australian, or the British taxpayer one dollar. So vast is the business, and so steady the annual increase between Australasia and Britain, without counting that between Australasia and North America, the whole of which would come by the new cable, that it has been demonstrated in the return to which I have referred that 40 per cent. of it would pay for interest on capital, maintenance, renewal, sinking fund, and working-expenses, and leave a large margin. That 40 per cent. Queensland, New South Wales, Victoria, and New Zealand could guarantee, because they own the land-telegraph lines, and control the traffic. Not only so, but another immediate result would be the lessening of cable rates, with the prospect of a steady scaling down, as profits increased, until we could cable between the great sections of the Empire for 1s. a word. What that would mean for binding them together in a close material and moral

union, in an age when Governments rest, not on external authority, but on intelligent opinion, it is needless to point out.

It may be asked why, if this enterprise is so sure to pay, it should not be undertaken by a private company. Simply because the Eastern Extension could easily kill a rival company, and the knowledge of that fact clears the field of all rivals. It has fought and is fighting unscrupulously against the proposed Pacific cable, because that would destroy its fat and oppressive monopoly. Its policy is opposed to the public interest, and therefore the public must no longer be tied to its chariot-wheels. As Sir Sandford Fleming says in the return ordered by Parliament :—

“ In the interests of the Eastern Extension Company the Pacific cable has been declared to be impracticable ; its cost has been greatly exaggerated ; it has been denounced as a work which could not be maintained without burdensome subsidies ; it has been stigmatized as inimical to telegraphy and trade ; and it has been decried and misrepresented in every possible manner. The explanation is to be found in the fact that the company is unwilling to relinquish its monopoly, and to rest satisfied in the future with a reasonable return for capital invested. On this point the writer is tempted to quote a single paragraph from his address at the Colonial Conference of 1894 as given in the proceedings (page 85) :—

“ The progress and well-being of Canada, Australasia, and the Empire cannot be retarded in order that the lucrative business of a private company may remain without change. Even if the Chairman of the Eastern Extension Company succeeded in converting us to his commercial ethics, that the profits of the monopoly he represents must be maintained inviolate, it does not follow that the project of a Pacific cable would not be carried out in some form, even if Canada and Australasia abandon it. There are indeed unmistakable signs that a Pacific cable may shortly be carried out by France and the United States. We all know that France has already completed a section of 800 miles at the southern end, and the United States has recently expended 25,000 dollars in making an elaborate survey of about one-third the whole distance from San Francisco to the Hawaiian Islands. With a rival line in foreign hands, it is easy to see that the Eastern Extension would gain nothing, while the Empire would lose much.’

“ With respect to the objections raised by the Eastern Extension Company, they have been completely refuted. The very best evidence shows beyond all question that the project is perfectly feasible ; that the cable should be established as a State work ; that, so established, the revenue from business obtainable will be ample to meet every charge, including working-expenses, maintenance, renewal, interest on cost, and sinking fund to replace capital ; that, in fact, the cable can be established in the most satisfactory manner, and that all its advantages can be attained without any cost whatever to the taxpayer. That the prospects are of this character is attributable to these facts, viz. :—

“ 1. As a State work, the capital employed would be obtained at the lowest possible rate of interest.

“ 2. The capital would be limited to the necessities of actual expenditure in establishing the work. There would be no possibility of enlarging the capital account by adding ‘ promotion expenses ’ or by ‘ watering stock ’ in any form.

“ 3. No dividend would require to be declared, or bonus paid. Revenue would only have to meet ordinary charges, including interest on the actual cost at a low rate, possibly $2\frac{1}{2}$ per cent.

“ 4. Remunerative traffic, which would be controlled by the Australasian Governments, already exists.

“ 5. Such traffic is continually growing, and it is difficult to assign a limit to its growth.

“ 6. The facilities created and the reduced charges would open up a new and profitable business across the Pacific which would be subject to the new line.”

Here, then, is a matter of Imperial and Canadian concern, to which the Government of Canada should give immediate attention. It is bound in honour to act, for it has again and again pressed it on the attention of its partners in the Empire, and unless it makes a practical proposal the matter will drop between three stools. Queensland, New South Wales, Victoria, and Tasmania have recently undertaken to guarantee three-ninths of the cost. New Zealand will probably be good for one-ninth additional. Let Canada offer to guarantee two-ninths, on condition of Britain doing the rest, or of making some equivalent proposal, and the hand of the Imperial Government—or, rather, the heavy wheels of its State coach—would be forced to move. Once set in motion there is no doubt as to the result, and to Canada the credit would again accrue of being awake to the signs of the times, while its position as the half-way house of the Empire would be established for ever.

APPENDIX B.

RETURNS SUPPLIED BY POSTAL DEPARTMENT, AND BALANCE-SHEETS OF EASTERN EXTENSION AUSTRALASIA AND CHINA TELEGRAPH COMPANY.

The CLERK, Public Accounts Committee, to the SECRETARY, General Post Office.

SIR,—

4th August, 1898.

I have the honour, by direction of the Chairman of the Public Accounts Committee, to request you to furnish the following returns :—

A return showing, with regard to cablegrams both between New Zealand and England and between New Zealand and Australia,—(1) Press rates, Government rates, and commercial rates separately ; (2) revenue received separately ; and (3) number of messages separately since the reduction in charges ; also, a return giving similar information for a like period previous to reduction in charges.

I am also instructed to request you to furnish the Committee with maps showing,—(1) The existing cable-lines between England and Australasia; (2) the proposed cable-line between England, the Cape of Good Hope, and Western Australia; (3) the proposed route of the Pacific cable; (4) the existing cable-line between France and New Caledonia; and (5) the existing cable-line between America and Honolulu: such maps to show the points of touching and transmission.

I have also to request you to make application to the Eastern Cable Company, pointing out that the colony are part contributors and guarantors, and requesting them, as a matter of courtesy, to let the Committee have copies of their balance-sheets for the past eight years.

I have, &c.,

G. F. WOOLDRIDGE,

Clerk of the Committee.

The Secretary, General Post Office.

The SECRETARY, General Post Office, to the CHAIRMAN, Public Accounts Committee.

SIR,—

General Post Office, Wellington, 17th August, 1898.

I have the honour, by direction of the Postmaster-General, to forward you the accompanying returns, maps, and other documents applied for on your behalf by the Clerk of the Committee on the 4th instant:—

1. Return showing the number of cablegrams sent to the United Kingdom, &c., and to the Australian Colonies, and the gross revenue derived therefrom under the ordinary and Press rates, from January, 1888, to December, 1892 (old rates), and from January, 1893, to December, 1897 (reduced rates).

2. Return showing the effect of the reduced cable rates on the international cable traffic from and to New Zealand from 1889 to 1897. (It is regretted that the inward traffic cannot be separated and given in detail.)

3. Return showing the cable rates to the United Kingdom and to the Australian Colonies before and after January, 1893.

4. Map showing the existing cable-lines between England and Australasia; also the cable route between Queensland and New Caledonia.

5. Map (taken from the *Melbourne Argus*) showing the route of the proposed cable between England, the Cape of Good Hope, and Western Australia.

6. Map showing the proposed routes of the Pacific cable. That marked No. 1 on the map is the route agreed to be adopted.

7. Copy of letter from the manager in Australasia of the Eastern Extension Telegraph Company, covering copies of the company's half-yearly reports and balance-sheets for the past eight years.

Mr. Warren, the manager of the company, wishes me to "point out for Committee's information that the largest proportion of the company's revenue is derived from sources outside of Australia, the China traffic alone being much heavier than the Australian."

The balance-sheets are to be returned to Mr. Warren, and I shall be obliged if they be sent to me when the Committee is finished with them.

A large amount of matter relating to the Pacific cable is in the hands of the Government Printer, and will be ready for the Committee in a day or two.

I have, &c.,

W. GRAY, Secretary

The Chairman, Public Accounts Committee,
Parliament Buildings, Wellington.

RETURN showing the Effect of the REDUCED CABLE RATES on the International Traffic from and to New Zealand.

Year.				Number of Messages.	Number of Words.	Value.
						£
At old rates	1889	...	...	8,361	90,722	48,157
	1890	...	...	8,673	83,871	44,212
	1892	...	...	5,925	46,672	24,024
	1893	...	...	7,588	75,850	26,472
At new rates (year ending 30th April) ...	1894	...	...	11,631	149,668	38,650
	1895	...	...	11,608	154,948	40,155
	1896	...	...	14,949	221,714	57,377
	1897	...	...	19,223	294,246	76,769

The reduced rates came into operation in New Zealand in January, 1893.

RETURN showing the NUMBER of CABLEGRAMS sent to United Kingdom, &c., and to the Australian Colonies, and also the GROSS REVENUE derived therefrom under the Ordinary and Press Rates, from January, 1888, to December, 1892 (Old Rates), and from January, 1893, to December, 1897 (Reduced Rates).

Country to	January, 1888, to December, 1892.					January, 1893, to December, 1897.				
	No. of Messages.	New Zealand Lines.	Sydney Cable.	Other Lines.	Total Value.	No. of Messages.	New Zealand Lines.	Sydney Cable.	Other Lines.	Total Value.
At Ordinary Rates.										
United Kingdom, &c.	19,211	£ 1,710 10 7	£ 9,682 9 2	£ s. d. 90,157 11 6	£ s. d. 101,550 11 3	38,794	£ 2,464 6 8	£ s. d. 7,111 8 0	£ s. d. 138,507 11 5	£ s. d. 148,083 6 1
New South Wales	36,313	£ 1,522 8 0	£ 21,262 13 7	£ s. d. 1,500 4 11	£ s. d. 24,285 6 6	86,505	£ 3,392 17 10	£ s. d. 12,311 17 2	£ s. d. 3,352 2 3	£ s. d. 19,056 17 3
Queensland	4,034	£ 175 14 9	£ 2,448 10 10	£ s. d. 552 8 5	£ s. d. 3,176 14 0	5,565	£ 244 6 1	£ s. d. 908 19 9	£ s. d. 759 6 11	£ s. d. 1,912 12 9
South Australia	3,584	£ 145 3 7	£ 2,048 10 1	£ s. d. 467 4 7	£ s. d. 2,660 18 3	5,210	£ 204 16 2	£ s. d. 779 13 0	£ s. d. 654 19 1	£ s. d. 1,639 8 3
Tasmania	3,451	£ 127 11 1	£ 1,870 2 1	£ s. d. 638 3 3	£ s. d. 2,635 16 5	7,154	£ 264 18 9	£ s. d. 1,013 17 0	£ s. d. 1,328 4 0	£ s. d. 2,606 19 9
Victoria	32,522	£ 1,426 14 4	£ 19,759 19 6	£ s. d. 2,806 14 4	£ s. d. 23,993 8 2	58,160	£ 2,437 15 0	£ s. d. 8,728 5 8	£ s. d. 4,795 9 4	£ s. d. 15,961 10 0
Western Australia	589	£ 27 5 5	£ 373 13 0	£ s. d. 125 7 9	£ s. d. 526 6 2	5,194	£ 203 16 11	£ s. d. 755 3 9	£ s. d. 986 1 8	£ s. d. 1,945 2 4
Grand totals	99,704	£ 5,135 7 9	£ 57,445 18 3	£ s. d. 96,247 14 9	£ s. d. 158,829 0 9	206,582	£ 9,212 17 5	£ s. d. 31,609 4 4	£ s. d. 150,383 14 8	£ s. d. 191,205 16 5
At Press Rates.										
United Kingdom, &c.	21	£ 6 0 4	£ 22 11 0	£ s. d. 99 5 6	£ s. d. 127 16 10	62	£ 28 7 0	£ s. d. 44 13 7	£ s. d. 547 10 2	£ s. d. 620 10 9
New South Wales	3,343	£ 1,369 7 11	£ 2,893 8 0	£ s. d. 356 8 0	£ s. d. 4,619 3 11	4,642	£ 307 2 8	£ s. d. 1,788 2 9	£ s. d. 395 6 8	£ s. d. 2,490 12 1
Queensland	...	£ ...	£ ...	£ s. d. ...	£ s. d. ...	11	£ 0 6 6	£ s. d. 1 9 6	£ s. d. 1 12 2	£ s. d. 3 8 2
South Australia	...	£ ...	£ ...	£ s. d. ...	£ s. d. ...	2	£ 0 1 0	£ s. d. 0 5 2	£ s. d. 0 6 0	£ s. d. 0 12 2
Tasmania	...	£ ...	£ ...	£ s. d. ...	£ s. d. ...	1	£ 0 0 6	£ s. d. 0 1 4	£ s. d. 0 4 3	£ s. d. 0 6 1
Victoria	944	£ 99 0 7	£ 268 0 6	£ s. d. 123 18 11	£ s. d. 491 0 0	601	£ 18 18 5	£ s. d. 99 16 10	£ s. d. 79 0 5	£ s. d. 197 15 8
Western Australia	...	£ ...	£ ...	£ s. d. ...	£ s. d. ...	2	£ 0 1 0	£ s. d. 0 2 6	£ s. d. 0 7 6	£ s. d. 0 11 0
Grand totals	4,308	£ 1,474 8 10	£ 3,183 19 6	£ s. d. 579 12 5	£ s. d. 5,238 0 9	5,321	£ 354 17 1	£ s. d. 1,934 11 8	£ s. d. 1,024 7 2	£ s. d. 3,313 15 11

Return showing the CABLE RATES to United Kingdom and to the Australian Colonies before and after January, 1893.

COUNTRY TO	ORDINARY RATES.		GOVERNMENT RATE.	PRESS RATES.	
	Before January, 1893.	From January, 1893.	From January, 1893.	Before January, 1893.	From January, 1893.
United Kingdom ...	Per word. 10s. 2d.	Per word. 5s. 2d.	Per word. 3s. 11d.	3s. 1d. per word ...	2s. 2d., and 2s. per word from 24th July, 1894.
Australian Colonies—	Telegrams between Governors or Crown Ministers of any Australian Colony, also Admiralty telegrams, pass free over New Zealand and Australian land-lines, i.e., cable rate only. Government messages are charged ordinary rates, less New Zealand land-lines.			Cable rate to Australian Colonies, 3d. per word. New Zealand inland rate to Australian Colonies, 6d. per 10 words, and 1d. each additional word.	
	Ten words.		Each additional word.	Words.	
	s. d.	s. d.	s. d.	First 10 words.	First 100 words.
	9 6	1 0	3 0	0 6	0 6
	11 0	1 1	4 6	2 0	2 0
	11 0	1 1	4 6	2 0	2 0
	12 0	1 2	5 6	4 0	4 0
	10 0	1 1	3 6	2 0	2 0
	12 0	1 2	5 6	3 0	3 0
	12 0	1 2	5 6	3 0	3 0
Showing the comparative cost of sending 100 words to the Australian Colonies under the above Press rates:				Sending 100 words at the present rate to—	
				New South Wales	
				Queensland	
				South Australia	
				Tasmania	
				Victoria	
				Western Australia	
				£ s. d.	
				0 10 4	
				0 11 10	
				0 11 10	
				0 13 10	
				0 11 10	
				0 13 4	

^a Altered since January, 1893, to 1d. ^b Altered since January, 1893, to 1s. 6d. ^c Altered since January, 1893, to 1s. 3d. ^d Altered since January, 1893, to 2s. 6d. ^e Altered since January, 1893, to 2s. ^f Altered since January, 1893, to 2s.

The MANAGER, Eastern Extension Australasia and China Telegraph Company (Limited), to the SECRETARY, General Post Office.

The Eastern Extension Australasia and China Telegraph Company (Limited),
 Sir,— Melbourne, 5th August, 1898.

In compliance with the Right Hon. Mr. Seddon's request contained in your telegram dated the 4th instant, I have the honour to send you by to-day's post (registered) copies of the company's half-yearly report and balance-sheet for the past eight years.

The company's report is distributed each half-year to the several Australasian Governments and the representatives of the mercantile communities, and, as only one copy is retained by myself, I shall be glad if you will be kind enough to return the enclosed reports to me when the parliamentary Committee has completed its task.

As I conclude the Committee wish to have the balance-sheets to ascertain particulars regarding the earnings from Australasia, I would beg to point out that no information on this head is obtainable from them, as the whole of the earnings is included in one total, and comprises receipts from Japan, Java, Singapore, the Philippine Islands, &c., as well as Australasia. You can obtain full particulars of the Australasian receipts from the periodical Postal Conference reports.

I have, &c.,

W. Gray, Esq., Secretary for Post Office, Wellington.

W. WARREN,
 Manager in Australasia.

HALF-YEARLY REPORTS AND BALANCE-SHEETS OF THE EASTERN EXTENSION AUSTRALASIA AND CHINA TELEGRAPH COMPANY (LIMITED),

[From 30th June, 1890, to 31st December, 1897, referred to in above letter.]

Half-year ended 30th June, 1890.

THE EASTERN EXTENSION AUSTRALASIA AND CHINA TELEGRAPH COMPANY (LIMITED).

Directors.—Sir John Pender, K.C.M.G. (Chairman), Sir James Anderson, Francis Augustus Bevan, Esq., Charles William Earle, Esq., Sir Thomas Fairbairn, Bart., the Right Hon. Viscount Monck, John Denison Pender, Esq., George Garden Nicol, Esq., the Most Hon. the Marquis of Tweeddale.

Secretary.—F. E. Hesse, Esq.

Offices.—Winchester House, 50, Old Broad Street, London, E.C.

REPORT and ACCOUNTS of the DIRECTORS for the Half-year ended 30th June, 1890, to be submitted to the Thirty-fourth Ordinary General Meeting, 22nd October, 1890.

1. THE usual statements of account for the half-year ended 30th June, 1890, are herewith submitted.

2. The gross receipts, including Government subsidies, have amounted during that period to £254,856 18s. 10d., against £256,757 3s. 2d. for the corresponding half-year of 1889.

3. The working and other expenses, including £24,508 3s. 10d. for cost of repairs to cables and expenses of ships, absorb £76,670 9s. 3d., against £73,773 10s. 2d. for the corresponding period of 1889, leaving a balance of £178,186 9s. 7d. From this is deducted £2,960 19s. 7d. for income-tax, and £38,549 14s. 7d. for interest on debentures and contributions to sinking funds, leaving £136,675 15s. 5d. as the net profit for the half-year. Against this £1,642 11s. 11d. has been charged for additions to staff quarters, and £712 16s. 1d. for expenses in connection with the recent Paris International Telegraph Conference, leaving an available balance of £134,320 7s. 5d.

4. One quarterly interim dividend of $1\frac{1}{4}$ per cent., amounting to £31,250, has been paid during the half-year, and another of like amount will be distributed on the 15th instant, leaving £71,820 7s. 5d. to be carried forward.

5. The duplication of the New Zealand cable, and the partial renewal of the Madras-Penang section, referred to in the last report, have been successfully carried out during the half-year under review, and the cost, amounting to £188,433 15s. 6d. and £80,848 1s. 3d. respectively, has been charged to the General Reserve Fund, which, after being credited with the profit of £21,103 3s. 4d. made on the sale of investments, and the interest received during the half-year, now stands at £472,713 15s. 3d.

6. The subsidy granted by the Spanish Government in respect of the Manila cable expired on the 1st May last, when the balance of the 5-per-cent. debentures issued to provide the capital for this cable was paid off, and, as the interest and sinking-fund contributions have now ceased, there will in future be a saving of revenue on this account of about £5,000 per annum.

7. The company's £320,000 6-per-cent. debentures mature for payment at par on the 1st February, 1891, and your directors have decided to pay them off on that date by issuing a similar amount of 4-per-cent. mortgage debenture stock. An extraordinary general meeting will be held immediately after the ordinary meeting, at which the necessary resolution will be submitted for the shareholders' approval.

8. Negotiations have been entered into with the Governments of Australasia for the establishment of reduced rates to Australia and New Zealand, and the matter is now under consideration in the colonies.

11. The company's maintenance-ships have been employed on various cable repairs, but no interruptions materially affecting the revenue have occurred during the past six months. Unfortunately, however, since the close of the half-year telegraphic communication with Australia has been totally interrupted, from the 11th to the 20th July, in consequence of the sudden and simultaneous breaking, through volcanic action, of the three Java-Australian cables near Banjoewangie (Java). This was the more disappointing as it was only last year that the cable to Western Australia was laid, mainly with a view to averting such a contingency; but, as only two interruptions from volcanic causes have been experienced during a period of nearly twenty years, it is hoped that the cables will now have a long immunity from further trouble of this nature.

Winchester House, 50, Old Broad Street, London, E.C.,
13th October, 1890.

Dr.	£	s.	d.	Cr.	£	s.	d.
To General expenses in London (see Abstract A)	4,876	9	9	By Message and other receipts	231,273	9	3
General expenses at stations (see Abstract B)	40,059	14	2	Less payment under agreement with Great Northern Telegraph Company	£1,250	0	0
Use of patents	800	0	0	Less loss on exchange	1,956	1	3
Electricians' retaining-fee	50	0	0				
Directors' remuneration	2,000	0	0				
Auditors' fees	100	0	0				
Staff endowment assurance	776	1	6				
Repairs to cables (see Abstract C)	24,508	3	10				
Maintenance-ships' Reserve Fund	3,500	0	0				
Income-tax	2,960	19	7				
Interest on 6-per-cent. debentures	9,600	0	0				
Interest and sinking fund on account of 5-per-cent. Australian subsidy debentures	25,495	0	0				
Interest and sinking fund on account of 5-per-cent. Manila debentures	3,454	14	7				
Further additions to staff quarters at Foochow, Banjoewangie, Flinders, and Elephant Point	1,642	11	11				
Expenses in connection with Paris International Telegraph Conference	712	16	1				
Balance	134,320	7	5				
	<u>£254,856</u>	<u>18</u>	<u>10</u>				
First interim dividend of 1890, 2s. 6d. per share, paid 15th July, 1890	31,250	0	0				
Second interim dividend of 2s. 6d. per share, payable 15th October, 1890	31,250	0	0				
Balance	71,820	7	5				
	<u>£134,320</u>	<u>7</u>	<u>5</u>				
				By Balance	134,320	7	5
					<u>£134,320</u>	<u>7</u>	<u>5</u>

STATEMENT OF GENERAL EXPENSES IN LONDON.						£	s.	d.
Salaries and wages	..	..	..	..	..	2,592	19	5
Office expenses	..	..	..	..	..	771	3	10
Rent, taxes, &c.	..	..	..	..	..	716	9	11
Stationery and printing	..	..	..	..	..	162	10	6
Postage, bill, and other stamps	..	..	..	..	..	159	2	5
Advertising	..	..	..	..	..	130	18	3
Legal expenses	..	..	..	..	..	37	15	0
Repairs and renewals to furniture, &c.	..	..	..	..	..	240	10	5
Agencies	..	..	..	..	..	65	0	0
Per Revenue Account						£4,876	9	9

Abstract B.

STATEMENT OF GENERAL EXPENSES AT STATIONS.

	£	s.	d.
Salaries and wages	25,899	16	0
Travelling-expenses	2,125	14	7
Rent, taxes, house-allowances, &c.	4,033	8	10
Expenses of electric lighting at stations	984	2	10
Provision- and ration-allowances	936	2	1
Maintenance and renewals of instruments and electrical apparatus	1,151	4	3
Expenses of land-lines	186	19	11
Repairs and renewals of furniture, fittings, &c.	823	16	0
Repairs to buildings	263	0	0
Insurances at stations	200	9	3
Stationery and printing	1,274	1	0
Office and message postages	215	15	6
Office and petty expenses	592	19	8
Medical attendance	516	9	2
Service messages	90	14	6
Expenses of Porthcurno School	250	0	0
Foreign agencies	351	15	9
Advertising at stations	9	1	8
Messengers' uniforms	38	11	3
Income-tax at stations	110	11	11
Per Revenue Account	£40,059	14	2

Abstract C.

EXPENSES ATTENDING MAINTENANCE OF CABLES.

	£	s.	d.
Expenses of s.s. "Sherard Osborn," effecting numerous repairs, aggregating forty-three days, after deducting expenses of ship on Madras-Penang partial renewal	£2,336	18	6
Expenses of s.s. "Sherard Osborn" during remainder of six months	4,427	14	9
	6,764	13	3
Expenses of s.s. "Recorder," effecting numerous repairs, aggregating seventy-three days, after deducting expenses of ship whilst engaged on Hongkong-Saigon and Madras-Penang partial renewals	£3,685	15	7
Expenses of s.s. "Recorder" during remainder of six months	3,432	14	7
	7,118	10	2
Less amount of charter	971	17	6
	6,146	12	8
Cable expended on repairs, and sundry expenses at stations, after deducting value of picked-up cable	4,615	19	7
Insurance of cable on board maintenance-ships	309	18	11
Expenses of cable depot at Singapore	1,635	9	4
Charter of Great Northern Company's maintenance-ship for repair of cables in the China seas, and agreed charge for call of the ship	4,600	0	0
Depreciation of cable stores	435	10	1
	£24,508	3	10

GENERAL RESERVE FUND, 30TH JUNE, 1890.

Dr.	£	s.	d.	Cr.	£	s.	d.
To Cost of New Zealand duplicate cable	188,433	15	6	By Balance of Reserve Fund at 31st December, 1889	710,113	15	10
Cost of Madras-Penang partial renewal	80,848	1	3	Interest on investments received during half-year	10,778	12	10
The following amounts for new cables and cable renewals have from time to time been charged against the Reserve and Revenue Accounts:—				Profit on sale of investments	21,103	3	4
Rangoon-Penang cable, 1877	£156,761	8	1				
Rangoon-Penang cable renewals, 1884-85 and 1887	21,175	4	2				
Hongkong-Manila cable, portion of cost, 1880	16,071	10	0				
Singapore-Batavia cable renewal, 1881	64,363	11	5				
Java-Australian cables partial renewals, 1884 and 1888	41,754	17	0				
Singapore-Saigon cable renewals, 1884-85 and 1887-88	59,677	1	11				
Victoria-Tasmania duplicate cable, 1885	31,190	5	0				
Penang-Singapore cable renewal, 1886	53,245	3	8				
Hongkong-Saigon cable partial renewal, 1889	15,441	17	3				
Western Australian cable, 1889	119,112	5	3				
New Zealand duplicate cable, 1890	188,433	15	6				
Madras-Penang partial renewal, 1890	80,848	1	3				
	£848,075	0	6				
Balance carried down	472,713	15	3				
	£741,995	12	0				
				Balance as per balance-sheet	£472,713	15	3
					£741,995	12	0

BALANCE-SHEET, 30TH JUNE, 1890.

Dr.	£	s.	d.	Cr.	£	s.	d.
To Capital—				By Capital expenditure,			
300,000 shares of				as per last account	£3,054,161	0	9
£10 each .. £3,000,000	0	0		Less transferred			
Less 50,000 shares				from Manila 5-			
of £10 each, un-				per-cent. debenture			
issued .. 500,000	0	0		sinking fund	12,500	0	0
	2,500,000	0	0				
6 per-cent. debentures—				Maintenance-ships, as per last ac-			
3,200 debentures of £100 each ..	320,000	0	0	count	66,449	14	10
5 per-cent. Australian subsidy debentures—							
4,170 debentures of £100 each, as					3,108,110	15	7
per last account ..	417,000	0	0	Investments on account of reserve			
5 per-cent. debentures, 1880 issue—				funds (See Abstract D) ..	519,259	6	1
125 debentures of £100				Trustees for 5 per-cent. Australian			
each, as per last ac-				subsidy debentures ..	31,649	16	11
count .. £12,500	0	0		Spare cable and other stores ..	90,772	0	2
Less 125 debentures				Bills receivable ..	60,212	7	2
drawn 10th March,				Remittances in transit ..	23,420	11	5
1890, and paid 1st				Traffic and other debit balances ..	78,261	8	5
May, 1890 .. 12,500	0	0		Cash at banker's, on deposit, and in			
				hand	95,049	0	8
	3,237,000	0	0				
Reserve funds—							
General reserve ..	472,713	15	3				
Maintenance-ships' reserve ..	37,711	18	1				
Insurance reserve for maintenance-							
ships and cables ..	40,916	16	8				
Sinking funds—							
Australian subsidy debenture sink-							
ing fund	35,649	16	11				
Traffic and other credit balances ..	32,974	8	4				
Debenture interest accrued and un-							
paid	8,074	6	9				
Proprietors for dividends—							
Unclaimed dividends ..	1,373	17	0				
First interim dividend of 2s. 6d. per							
share, paid 15th July, 1890 ..	31,250	0	0				
Second interim dividend of 2s. 6d.							
per share, payable 15th October,							
1890	31,250	0	0				
Revenue account balance ..	71,820	7	5				
	£4,000,735	6	5		£4,000,735	6	5

Audited and found correct.

HENRY DEVER,
WELTON, JONES, AND CO., } Auditors.

London, 11th October, 1890.

ABSTRACT D.

LIST OF INVESTMENTS ON ACCOUNT OF RESERVE FUNDS.

£		Government and Miscellaneous.	£	s.	d.
31,000	2½ per-cent. Consols	.. .. .	Costing	31,708	17 3
2,500	Chilian Government 4½ per-cent. converted loan	.. .. .	"	2,512	10 4
1,500	Egyptian Government 3 per-cent. guaranteed bonds	.. .. .	"	1,429	1 0
5,000	Government Stock Investment Trust Company 4 per-cent. debenture stock	.. .. .	"	5,200	9 10
15,000	India 3 per-cent. stock	.. .. .	"	13,859	11 3
25,000	Metropolitan Consolidated 3½ per-cent. stock	.. .. .	"	25,968	15 0
2,500	Southern Mahratta Railway (Limited) 4 per-cent. debenture stock	.. .. .	"	2,703	14 8
30,000	The Trustees, Executors, and Securities Insurance Corporation (Limited)	.. .. .	"		
	4½ per-cent. first mortgage debenture, series A ..	.. .. .	"	31,575	0 6
Colonial.					
9,000	Canadian Pacific Railway 5 per-cent. first mortgage debenture bonds	.. .. .	Costing	9,620	4 10
5,000	Cape of Good Hope Government 4 per-cent. inscribed stock (1882)	.. .. .	"	4,796	6 9
5,000	Ceylon Government 4 per-cent. inscribed stock	.. .. .	"	5,639	1 9
4,000	City of Sydney 5 per-cent. bonds	.. .. .	"	4,691	14 6
5,000	Metropolitan Gas Company of Melbourne 5 per-cent. debentures	.. .. .	"	5,563	17 6
5,000	Natal 4 per-cent. consolidated stock, inscribed (1887)	.. .. .	"	4,993	14 1
10,000	New South Wales Government 4 per-cent. debentures	.. .. .	"	10,230	3 8
15,000	New South Wales Government 3½ per-cent. inscribed stock	.. .. .	"	14,429	14 8
10,000	Queensland Government 4 per-cent. debentures	.. .. .	"	10,169	2 3
15,000	Queensland Government 4 per-cent. inscribed stock	.. .. .	"	15,732	19 8
5,000	Tasmanian Government 4 per-cent. debentures	.. .. .	"	5,050	1 11
13,500	Victorian Government 4½ per-cent. debentures	.. .. .	"	14,314	5 0
5,000	Victorian Government 4 per-cent. debenture bonds	.. .. .	"	5,050	1 11
American Railways.					
8,400	Baltimore and Ohio Railroad Company 6 per-cent. sterling bonds (1874)	.. .. .	Costing	10,420	19 9
945,000	Baltimore and Ohio Railroad Company 5 per-cent. bonds (1885)	.. .. .	"	10,375	17 6
£12,600	Pennsylvania Railroad Company 6 per-cent. consolidated mortgage sinking	.. .. .	"		
	fund bonds .. .. .	.. .. .	"	15,059	11 3

Railway Debenture and Guaranteed Stocks.

			£	s.	d.
7,500	Caledonian Railway 4-per-cent. debenture stock	Costing	8,339	4	8
40,500	Forth Bridge Railway 4-per-cent. guaranteed debenture stock	"	46,548	5	1
14,562	Great Eastern Railway 4-per-cent. debenture stock	"	15,687	17	11
8,000	Great Eastern Railway 4-per-cent. consolidated irre. guaranteed stock	"	8,574	13	0
4,000	West Cornwall Railway, Great Western, Bristol and Exeter, and South Devon Railways, 4½-per-cent. joint rent-charge stock	"	4,794	10	0
3,500	Great Western Railway 5-per-cent. consolidated guaranteed stock	"	5,139	17	6
10,000	Lancashire and Yorkshire Railway 4-per-cent. debenture stock	"	10,965	1	3
5,000	Lancashire and Yorkshire Railway 4-per-cent. consolidated guaranteed stock	"	5,516	10	0
9,750	London, Brighton, and S. C. Railway 4½-per-cent. perl. guar. deb. stock	"	12,748	8	6
7,000	London, Chatham, and Dover Railway 4½-per-cent. arbit. debenture stock	"	8,428	17	6
9,000	London and North-western Railway 4 per-cent. consolidated guar. stock	"	10,099	6	3
5,312	London, Tilbury, and Southend Railway 4-per-cent. debenture stock	"	5,833	8	2
14,250	Manchester, Sheffield, and Lincolnshire Railway 4½-per-cent. deb. stock	"	17,434	5	4
19,900	Metropolitan Railway 4-per-cent. debenture stock	"	21,836	18	6
5,110	Metropolitan District Railway 4½-per-cent. Fulham rent-charge stock	"	6,009	15	1
10,000	Metropolitan District Railway 4 per-cent. debenture stock	"	10,906	7	6
12,000	Metropolitan District Railway 4-per-cent. perl. guar. stock	"	12,308	10	10
5,000	Midland Railway 4-per-cent. perl. guar. pref. stock	"	5,503	15	7
14,500	North British Railway 4-per-cent. debenture stock	"	15,696	5	1
5,000	North E. Railway W. Hartlepool 4-per-cent. preference stock	"	5,466	12	6
8,000	North E. Railway 4-per-cent. con. pref. stock	"	8,748	6	3
5,000	North E. Railway 4 per-cent. debenture stock	"	5,576	12	9
			<u>£513,259</u>	<u>6</u>	<u>1</u>

FIVE-PER-CENT. AUSTRALIAN GOVERNMENT SUBSIDY DEBENTURES.

NUMBERS of 305 DEBENTURES of £100 each drawn on 1st April, 1890, for Payment at Messrs. Barclay, Bevan, and Co., 54, Lombard Street, E.C., on the 1st July, 1890.

28	655	1120	1666	2187	2755	3158	3528	3864	4442	4937	5525	6047
40	661	1123	1704	2193	2804	3159	3562	3950	4456	4950	5541	6050
49	674	1133	1753	2199	2826	3174	3572	3974	4464	4961	5547	6058
59	767	1159	1761	2268	2844	3189	3576	3989	4471	4974	5578	6059
94	800	1220	1782	2277	2856	3201	3581	4026	4546	4997	5596	6091
145	815	1251	1789	2295	2873	3218	3596	4028	4555	5052	5606	6111
228	829	1253	1827	2361	2905	3219	3603	4085	4566	5081	5636	6130
283	848	1256	1846	2364	2913	3234	3668	4086	4601	5085	5643	6145
288	865	1268	1848	2366	2938	3242	3671	4106	4605	5134	5653	6146
293	882	1309	1852	2380	2997	3248	3683	4110	4608	5138	5775	6150
296	884	1342	1869	2420	3004	3276	3711	4121	4617	5154	5788	6195
315	909	1361	1881	2456	3021	3279	3719	4165	4669	5177	5812	6208
341	957	1375	1909	2487	3039	3282	3768	4177	4686	5206	5821	6220
368	961	1388	1928	2527	3044	3347	3771	4261	4690	5260	5864	6241
378	988	1393	1943	2565	3050	3399	3772	4269	4701	5265	5885	6272
391	991	1395	1961	2578	3052	3409	3777	4272	4769	5272	5896	6286
406	1002	1398	1997	2581	3062	3414	3797	4316	4778	5302	5904	6310
424	1009	1433	2001	2589	3074	3445	3804	4332	4794	5354	5918	6343
429	1011	1460	2018	2594	3080	3455	3815	4364	4823	5380	6005	6356
486	1031	1499	2026	2597	3083	3456	3834	4389	4849	5412	6009	6359
546	1033	1503	2062	2603	3118	3503	3848	4395	4868	5465	6025	6379
564	1044	1558	2066	2609	3123	3510	3860	4407	4903	5500	6026	6383
578	1052	1587	2111	2616	3127	3513	3861	4427	4925	5508	6042	6392
579	1093	1598	2143	2707	3137							

Half-year ended 31st December, 1890.

THE EASTERN EXTENSION AUSTRALASIA AND CHINA TELEGRAPH COMPANY (LIMITED).

Directors.—Sir John Pender, K.C.M.G. (Chairman), Sir James Anderson, Francis Augustus Bevan, Esq., Charles William Earle, Esq., Sir Thomas Fairbairn, Bart., the Right Hon. Viscount Monck, George Garden Nicol, Esq., John Denison Pender, Esq., the Most Hon. the Marquis of Tweeddale.

Secretary.—F. E. Hesse, Esq.

Offices.—Winchester House, 50, Old Broad Street, London, E.C.

REPORT and ACCOUNTS of the DIRECTORS for the Half-year ended the 31st December, 1890, to be submitted to the Thirty-fifth Ordinary General Meeting, the 22nd April, 1891.

1. THE usual statements of account for the half-year ended the 31st December, 1890, are submitted herewith.

2. The gross receipts, including Government subsidies, have amounted during that period to £279,095 1s., against £264,103 12s. 11d. for the corresponding half-year of 1889.

3. The working and other expenses, including £23,118 6s. 6d. for cost of repairs to cables and expenses of ships, absorb £74,090 3s. 2d., against £73,498 19s. 3d. for the corresponding period of 1889, leaving a balance of £205,004 17s. 10d. From this is deducted £2,915 9s. 1d. for income-tax, and £35,281 9s. 10d. for interest on debentures, debenture-stock, and contribution to sinking fund, leaving as the net profit for the half-year £166,807 18s. 11d. Against this £1,120 19s. 6d. has been charged for cost of new land-line at Banjoewangie and additions to staff quarters, and £100,000 on account of the cost of duplicating the Madras-Penang cable, which is referred to below, leaving a balance of £65,686 19s. 5d., which, with £71,820 7s. 5d. brought forward, shows an available balance of £137,507 6s. 10d.

4. One quarterly interim dividend of $1\frac{1}{4}$ per cent. has been paid for the half-year, and it is now proposed to distribute another of like amount, making, with the interim dividends paid for the first half-year, a total dividend of 5 per cent. It is also proposed to pay a bonus of 4s. per share, or 2 per cent., making a total distribution of 7 per cent. for the year 1890. The balance of £25,007 6s. 10d. has been carried to the general reserve fund, which, after being credited with interest and profit on sale of investments, and debited with £10,722 13s. 1d. on account of the cable renewals, &c., specified under the heading "General Reserve Fund," now stands at £495,239 6s. 7d.

5. Your directors have the satisfaction to report that, notwithstanding the financial depression existing at the time, the recent conversion of the company's 6-per-cent. debentures into 4-per-cent. mortgage debenture-stock was attended with marked success, the whole of the issue having been subscribed by the shareholders at par. By this operation a saving in revenue of £6,400 per annum has been effected.

Since the close of the year nearly the whole of the 6-per-cent. debentures have been paid off.

6. In accordance with the provisions of the trust deed, dated the 15th May, 1879, 320 of the company's 5-per-cent. Australian Government subsidy debentures were drawn by lot on the 7th instant for payment at par on the 1st July next. The numbers of drawn debentures are given at the end of this report.

7. The negotiations with the Governments of Australasia, referred to in the last report, have resulted in an agreement being concluded between the company and the Governments of New South Wales, Victoria, South Australia, Tasmania, and Western Australia, for reduction of the tariffs to those colonies from the 1st May proximo, as follows,—

			s.	d.		s.	d.	
From	...	...	9	4	to	4	0	per word for public telegrams,
"	...	...	7	1	"	3	6	" Government telegrams,
"	...	...	2	8	"	1	10	" Press telegrams,—

for a tentative period of one year, to be extended if found to work satisfactorily. The contracting colonies guarantee the company against one-half the risk of any loss should the receipts at the reduced rates fall short of the present earnings from the Australasian traffic, and the company takes the other half.

It was hoped that Queensland and New Zealand would have agreed to take part in the experiment, but after considerable negotiation between the various Governments those colonies declined to join in the guarantee; consequently the tariffs to Queensland and New Zealand will remain unchanged.

8. The contract with the Telegraph Construction and Maintenance Company for the manufacture and laying of the Madras-Penang duplicate cable has been satisfactorily carried out, and the service is now in a thoroughly efficient condition to meet any requirements that may arise in connection with the reduced rates to Australia.

9. The company's maintenance-ships have, as usual, been employed on various repairs, but, with the exception of the interruption of the Saigon-Tonquin cable from the 20th to the 27th October, and of the cables between Java and Australia referred to in the last report, there have been no interruptions materially affecting the company's revenue during the half-year under review.

10. In accordance with the articles of association, the Right Hon. Viscount Monck and George Garden Nicol, Esq., retire by rotation, and, being eligible, offer themselves for re-election.

11. The retiring auditors, Mr. Henry Dever and Messrs. Welton, Jones, and Co., also offer themselves for re-election.

JOHN PENDER, Chairman.

Winchester House, 50, Old Broad Street, London, E.C.,
11th April, 1891.

REVENUE ACCOUNT FOR THE HALF-YE

<i>Dr.</i>	£	s.	d.				
To General expenses in London (see Abstract A)	4,978	14	10		message and other receipts, including profit on exchange	£257,230	14 8
Working-expenses at stations (see Abstract B)	38,515	8	10		Less payment under agreement with Great Northern Telegraph Company	1,250	0 0
Use of patents	800	0	0				255,980 14 8
Electricians' retaining-fee	50	0	0		Australian duplicate cable subsidies ..	£16,200	0 0
Directors' remuneration	2,000	0	0		Less deductions for nine days' total interruption ..	798	18 1
Auditors' fees	100	0	0				15,401 1 11
Staff endowment assurance	798	12	0		Tasmanian cable subsidy		2,100 0 0
Expenses on account of Australian guarantee negotiations	229	1	0		Tonquin cable subsidy	£5,300	0 0
Repairs to cables (see Abstract C)	23,118	6	6		Less deductions for seven days' total interruption ..	203	5 7
Maintenance-ships' Reserve Fund	3,500	0	0				5,096 14 5
Income-tax	2,915	9	1		Malacca cable subsidy		200 0 0
Interest on 6-per-cent. debentures	9,600	0	0		Macao cable subsidy		250 0 0
Interest and sinking fund on account of 5-per-cent. Australian subsidy debentures	25,495	0	0		Transfer-fees		66 10 0
Interest on 4-per-cent. mortgage debenture stock	186	9	10				
Cost of new land-line at Banjoewangie	918	18	2				
Additions to staff quarters	202	1	4				
Part cost of the Madras-Penang duplicate cable	100,000	0	0				
Balance	65,686	19	5				
	£279,095	1	0				
Third interim dividend of 1890, 2s. 6d. per share, paid 15th January, 1891	31,250	0	0	By Balance down		65,686	19 5
Proposed final dividend of 2s. 6d. per share for 1890, payable 23rd April, 1891	31,250	0	0	Balance of Revenue Account to 30th June, 1890		71,820	7 5
Proposed bonus of 4s. per share, payable 23rd April, 1891	50,000	0	0				
Balance to Reserve Fund	25,007	6	10				
	£137,507	6	10				

ABSTRACTS RELATING TO REVENUE ACCOUNT FOR THE HALF-YEAR ENDED 31ST DECEMBER, 1890.

Abstract A.

STATEMENT OF GENERAL EXPENSES IN LONDON.				£	s.	d.
Salaries and wages	..	..	..	2,589	17	8
Office expenses	..	..	..	788	16	4
Rent, taxes, &c.	..	..	..	706	2	10
Stationery and printing	..	..	..	175	18	10
Postage, bill, and other stamps	..	..	..	219	5	3
Advertising	..	..	..	364	7	6
Legal expenses	..	..	..	18	18	0
Repairs and renewals to furniture, &c.	..	..	..	50	8	5
Agencies	..	..	..	65	0	0
Per Revenue Account	..	..	..	£4,978	14	10

Abstract B.

STATEMENT OF WORKING-EXPENSES AT STATIONS.				£	s.	d.
Salaries and wages	..	..	..	26,206	15	2
Travelling-expenses	..	..	..	1,261	15	8
Rent, taxes, house-allowances, &c.	..	..	..	4,007	18	6
Expenses of electric lighting at stations	..	..	..	643	6	6
Provision and ration-allowances	..	..	..	962	17	11
Maintenance and renewals of instruments and electrical apparatus	..	..	..	1,184	8	8
Expenses of land-lines	..	..	..	175	10	4
Repairs and renewals of furniture, fittings, &c.	..	..	..	540	6	3
Repairs to buildings	..	..	..	297	13	4
Insurances at stations	..	..	..	199	3	2
Stationery and printing	..	..	..	721	5	2
Office and message postages	..	..	..	216	2	10
Office and petty expenses	..	..	..	843	10	5
Medical attendance	..	..	..	505	8	2
Service messages	..	..	..	126	12	2
Expenses of Porthcurno School	..	..	..	250	0	0
Foreign agencies	..	..	..	164	3	6
Advertising at stations	..	..	..	7	16	4
Messengers' uniforms	..	..	..	32	1	11
Income-tax at stations	..	..	..	168	12	10
Per Revenue Account	..	..	..	£38,515	8	10

Abstract C.

EXPENSES ATTENDING REPAIRS OF CABLES.

	£	s.	d.
Expenses of s.s. "Sherard Osborn," effecting numerous repairs, aggregating 26 days	1,278	18	2
Expenses of s.s. "Sherard Osborn" during remainder of six months ..	4,008	12	3
Expenses of s.s. "Recorder," effecting numerous repairs, aggregating 62 days, after deducting expenses of ship whilst engaged on Madras-Penang duplicate cable and Haiphong-Hongkong partial renewal	3,613	10	7
Expenses of s.s. "Recorder" during remainder of six months	3,340	8	4
Cable expended on repairs, and sundry expenses at stations, after deducting value of picked-up cable	6,786	10	2
Insurance of cable on board maintenance-ships	445	7	6
Expenses of cable depot at Singapore	1,104	12	1
Charter of Great Northern Company's maintenance-ship for repair of cables in the China seas, and agreed charge for call of the ship	1,300	0	0
Depreciation of cable stores	1,240	7	5
Per Revenue Account	£23,118	6	6

GENERAL RESERVE FUND, 31ST DECEMBER, 1890.

Dr.	£	s.	d.	Cr.	£	s.	d.
To Cost of Haiphong-Hongkong partial renewal	6,668	16	1	By Balance of Reserve Fund at 30th June, 1890	472,713	15	3
Balance of cost of Western Australia cable	785	15	2	Interest received during half-year ..	8,008	6	10
Further expenses in connection with the partial renewal of Madras-Penang cable	2,828	19	4	Profit on sale of investments	232	10	9
Further expenses in connection with the partial renewal of Hongkong-Saigon cable	439	2	6	Balance transferred from Revenue Account to 31st December, 1890 ..	25,007	6	10
The following amounts for new cables and cable renewals have from time to time been charged against the Reserve and Revenue Accounts:—							
Rangoon-Penang cable, 1877	£156,761	8	1				
Rangoon-Penang cable renewals, 1884-85 and 1887	21,175	4	2				
Hongkong-Manila cable, portion of cost, 1880 ..	16,071	10	0				
Singapore-Batavia cable renewal, 1881	64,363	11	5				
Java-Australian cables partial renewals, 1884 and 1888	41,754	17	0				
Singapore-Saigon cable renewals, 1884-85 and 1887-88	59,677	1	11				
Victoria-Tasmania duplicate cable, 1885	31,190	5	0				
Penang-Singapore cable renewal, 1886	53,245	3	8				
Hongkong-Saigon cable partial renewals, 1889-90	15,880	19	9				
Western Australia cable, 1889-90	119,898	0	5				
New Zealand duplicate cable, 1890	188,433	15	6				
Madras-Penang partial renewal, 1890	83,677	0	7				
Haiphong-Hong Kong partial renewal, 1890 ..	6,668	16	1				
Madras-Penang duplicate cable, portion of cost, 1890	100,000	0	0				
	£958,797	13	7				
Balance carried down	495,239	6	7				
	£505,961	19	8				
				By Balance as per Balance-sheet ..	£495,239	6	7
					£505,961	19	8

Railway Debenture and Guaranteed Stocks.

7,500	Caledonian Railway 4-per-cent. debenture stock	Costing	8,339	4	8
40,500	Forth Bridge Railway 4-per-cent. guaranteed debenture stock	"	46,548	5	1
14,562	Great Eastern Railway 4-per-cent. debenture stock	"	15,687	17	11
8,000	Great Eastern Railway 4-per-cent. consolidated irre. guaranteed stock	"	8,574	13	0
4,000	West Cornwall Railway, Great Western, Bristol and Exeter, and South Devon Railways, $4\frac{1}{2}$ -per-cent. joint rent-charge stock	"	4,794	10	0
3,500	Great Western Railway 5 per-cent. consolidated guaranteed stock	"	5,139	17	6
10,000	Lancashire and Yorkshire Railway 4-per-cent. debenture stock	"	10,965	1	3
5,000	Lancashire and Yorkshire Railway 4-per-cent. consolidated guaranteed stock	"	5,516	10	0
9,750	London, Brighton, and S. C. Railway $4\frac{1}{2}$ -per-cent. perl. guar. deb. stock	"	12,748	8	6
7,000	London, Chatham, and Dover Railway $4\frac{1}{2}$ -per-cent. arbit. debenture stock	"	8,428	17	6
9,000	London and North-western Railway 4-per-cent. consolidated guar. stock	"	10,099	6	3
5,312	London, Tilbury, and Southend Railway 4-per-cent. debenture stock	"	5,833	8	2
14,250	Manchester, Sheffield, and Lincoln Railway $4\frac{1}{2}$ -per-cent. debenture stock	"	17,434	5	4
19,900	Metropolitan Railway 4-per-cent. debenture stock	"	21,836	18	6
5,110	Metropolitan District Railway $4\frac{1}{2}$ -per-cent. Fulham rent-charge stock	"	6,009	15	1
5,000	Metropolitan District Railway 4-per-cent. debenture stock	"	5,453	3	9
12,000	Metropolitan District Railway 4-per-cent. perl. guaranteed stock	"	12,308	10	10
5,000	Midland Railway 4-per-cent. perl. guaranteed preference stock	"	5,503	15	7
14,500	North British Railway 4-per-cent. debenture stock	"	15,696	5	1
5,000	North E. Railway, West Hartlepool, 4-per-cent. preference stock	"	5,466	12	6
8,000	North E. Railway 4-per-cent. consolidated preference stock	"	8,748	6	3
5,000	North E. Railway 4-per-cent. debenture stock	"	5,576	12	9
			£507,806	2	4

FIVE-PER-CENT. AUSTRALIAN GOVERNMENT SUBSIDY DEBENTURES.

NUMBERS of 320 DEBENTURES of £100 each drawn on the 7th April, 1891, for Payment at Messrs. Barclay, Bevan and Co.'s, 54, Lombard Street, E.C., on the 1st July, 1891:—

1	449	768	1246	1835	2246	2752	3307	3865	4610	5030	5454	5907
32	450	772	1249	1850	2265	2757	3338	3886	4627	5046	5457	5936
98	499	776	1284	1870	2280	2760	3340	3908	4629	5137	5496	5955
125	504	849	1300	1901	2283	2764	3349	3911	4631	5139	5523	5967
134	507	855	1324	1942	2320	2768	3367	3935	4636	5147	5530	5968
137	508	862	1369	1983	2360	2772	3373	4048	4643	5166	5539	5972
165	527	875	1392	1984	2362	2800	3390	4116	4645	5192	5582	6002
173	528	885	1452	2011	2368	2824	3396	4144	4663	5219	5585	6007
180	558	917	1488	2012	2370	2830	3460	4184	4693	5242	5590	6024
193	573	922	1523	2017	2377	2864	3465	4238	4748	5266	5591	6032
204	585	950	1535	2021	2433	2870	3494	4252	4750	5280	5617	6038
212	592	970	1544	2022	2435	2888	3517	4271	4754	5288	5626	6087
244	597	1008	1545	2042	2455	2919	3519	4275	4801	5297	5695	6099
256	640	1035	1552	2070	2458	2940	3523	4314	4830	5301	5736	6125
277	672	1038	1557	2094	2464	2944	3550	4334	4873	5330	5750	6153
278	673	1042	1588	2097	2501	2972	3555	4338	4887	5347	5752	6189
282	676	1054	1612	2139	2517	2986	3556	4367	4902	5360	5759	6203
311	681	1134	1663	2164	2530	3006	3564	4379	4904	5369	5760	6213
364	688	1140	1703	2169	2546	3045	3609	4384	4908	5373	5792	6217
366	703	1158	1725	2173	2637	3100	3626	4394	4915	5377	5803	6224
390	706	1164	1745	2191	2644	3142	3627	4490	4917	5393	5824	6231
408	714	1195	1759	2200	2686	3208	3634	4499	5002	5411	5839	6266
411	719	1197	1783	2201	2723	3253	3746	4530	5008	5419	5887	6316
433	735	1203	1814	2205	2727	3260	3754	4582	5018	5439	5906	6320
439	736	1209	1829	2228	2739	3304	3853					

Half-year ended 30th June, 1891.

THE EASTERN EXTENSION AUSTRALASIA AND CHINA TELEGRAPH COMPANY (LIMITED).

Directors.—Sir John Pender, K.C.M.G. (Chairman), Sir James Anderson, Francis Augustus Bevan, Esq., Charles William Earle, Esq., the Right Hon. Viscount Monck, George Garden Nicol, Esq., John Denison Pender, Esq., the Most Hon. the Marquis of Tweeddale.

Secretary.—F. E. Hesse, Esq.

Offices.—Winchester House, 50, Old Broad Street, London, E.C.

REPORT and ACCOUNTS of the DIRECTORS for the Half-year ended 30th June, 1891, to be submitted to the Thirty-sixth Ordinary General Meeting, 21st October, 1891.

1. The usual statements of account for the half-year ended 30th June, 1891, are herewith submitted.

2. The gross receipts, including Government subsidies, have amounted during that period to £264,878 6s. 11d., against £254,856 18s. 10d. for the corresponding half-year of 1890.

3. The working-expenses, including £17,318 5s. 11d. for cost of repairs to cables and expenses of ships, absorb £71,476 15s. 8d., against £76,670 9s. 3d. for the corresponding period of 1890, leaving a balance of £193,401 11s. 3d. From this is deducted £2,981 17s. 1d. for income-tax, £33,074 14s. 5d. for interest on debentures, debenture stock, and contribution to sinking fund, and £2,179 10s. 2d. for special expenditure, as shown in the Revenue Account, leaving £155,165 9s. 7d. as the net profit for the half-year.

4. One quarterly interim dividend of $1\frac{1}{4}$ per cent., amounting to £31,250, has been paid during the half-year, and another of like amount will be distributed on the 15th instant, leaving £92,665 9s. 7d. to be carried forward.

5. All the 6-per-cent. debentures that were outstanding when the last report was issued have been paid off and cancelled, and the Stock Exchange have granted an official quotation in the new 4-per-cent. debenture stock, which now stands in the market at a considerable premium.

6. It is with deep regret that your directors have to record the death, on the 12th ultimo, of their much-esteemed colleague, Sir Thomas Fairbairn, Bart., who had been associated with the company from its inception. It is not proposed to fill the vacancy in the directorate thus occasioned.

As, however, Sir Thomas Fairbairn was also one of the trustees for the 5-per-cent. Australian subsidy debenture holders, it has been deemed advisable to appoint a new trustee, and Mr. John Denison Pender has undertaken to act in this capacity.

7. The guarantee arrangement made with certain of the Australasian Colonies for testing the effect of a four-shilling rate to Australia came into operation on the 1st May last, and the increase of traffic resulting from the reduction of the tariff is so far encouraging. As, however, the accounts embrace only two months' receipts at the reduced tariff, it is too early to form any reliable opinion as to the result of this important experiment.

8. In accordance with the arrangements entered into with the Indian Government, the company's station at Elephant Point (Rangoon) has been closed, and a considerable portion of the cable between Elephant Point and Penang picked up, and utilised elsewhere.

9. An arrangement has been concluded with the Dutch Government for connecting by submarine cable Sumatra with Penang, so as to bring the Netherlands Indian Government telegraphs into direct communication with the company's system at Penang. The cable for this purpose will be taken from the company's depot at Singapore and laid in the course of the next few months.

JOHN PENDER, Chairman.

Winchester House, 50, Old Broad Street, London, E.C.,
12th October, 1891.

REVENUE ACCOUNT FOR THE HALF-YEAR ENDED 30TH JUNE, 1891.

Dr.	£	s.	d.	Cr.	£	s.	d.
To General expenses in London (see Abstract A)	5,175	0	0	By Message and other receipts	243,883	6	2
General expenses at stations (see Abstract B)	41,754	3	9	Less payment under agreement with Great Northern Telegraph Company	£1,250	0	0
Use of patents	800	0	0	Loss on exchange	1,882	19	3
Electricians' retaining fee	50	0	0				
Directors' remuneration	2,000	0	0		3,182	19	3
Auditors' fees	100	0	0				
Staff endowment assurance	779	6	0		240,750	6	11
Repairs to cables (see Abstract C)	17,318	5	11	Australian duplicate cable subsidies	16,200	0	0
Maintenance-ships' Reserve Fund	3,500	0	0	Tasmanian cable subsidy	2,100	0	0
Income-tax	2,981	17	1	Tonquin cable subsidy	5,300	0	0
Interest on 6-per-cent. debentures	1,600	0	0	Malacca cable subsidy	200	0	0
Interest and sinking fund on account of 5-per-cent. Australian subsidy debentures	25,495	0	0	Macao cable subsidy	250	0	0
Interest on 4-per-cent. mortgage debenture stock	5,979	14	5	Transfer-fees	78	0	0
Expenses in connection with the issue of 4-per-cent. stock	1,035	6	3				
Ditto Australian tariff guarantee	803	9	5				
Ditto Chinese concessionary negotiations	190	14	6				
Subscription to Royal Alfred Aged Merchant Seamen's Institution	150	0	0				
Balance	155,165	9	7				
	£264,878	6	11		£264,878	6	11
First interim dividend of 1891, 2s. 6d. per share, paid 15th July, 1891	31,250	0	0				
Second interim dividend of 1891, 2s. 6d. per share, payable 15th October, 1891	31,250	0	0				
Balance	92,665	9	7	By Balance down	155,165	9	7
	£155,165	9	7		£155,165	9	7

ABSTRACTS RELATING TO REVENUE ACCOUNT FOR THE HALF-YEAR ENDED 30TH JUNE, 1891.

Abstract A.

STATEMENT OF GENERAL EXPENSES IN LONDON.				£	s.	d.
Salaries and wages				2,652	13	3
Office expenses				830	4	3
Rent, taxes, &c.				776	14	7
Stationery and printing				188	10	10
Postage, bill, and other stamps				127	0	3
Advertising				144	17	3
Legal expenses				37	16	0
Repairs and renewals to furniture, &c.				352	8	7
Agencies				65	0	0
Per Revenue Account				£5,175	0	0

Abstract B.

STATEMENT OF GENERAL EXPENSES AT STATIONS.						£	s.	d.
Salaries and wages	..	..	..	..	..	26,941	1	4
Travelling-expenses	..	..	..	..	..	2,067	2	8
Rent, taxes, house-allowances, &c.	..	..	..	..	..	4,245	1	8
Expenses of electric lighting at stations	..	..	..	..	..	845	11	7
Provision- and ration-allowances	..	..	..	..	..	902	3	11
Maintenance and renewals of instruments and electrical apparatus	..	..	..	..	..	1,591	16	4
Expenses of land-lines	..	..	..	..	..	201	11	9
Repairs and renewals of furniture, fittings, &c.	..	..	..	..	..	532	13	2
Repairs to buildings	..	..	..	..	..	573	2	1
Insurances at stations	..	..	..	..	..	219	15	4
Stationery and printing	..	..	..	..	..	1,205	15	10
Office and message postages	..	..	..	..	..	184	15	1
Office and petty expenses	..	..	..	..	..	943	4	11
Medical attendance	..	..	..	..	..	528	10	11
Service messages	..	..	..	..	..	108	9	1
Expenses of Porthourno School	..	..	..	..	..	250	0	0
Foreign agencies	..	..	..	..	..	145	16	8
Advertising at stations	..	..	..	..	..	9	3	4
Messengers' uniforms	..	..	..	..	..	76	0	1
Income-tax at stations	..	..	..	..	..	182	8	0
Per Revenue Account	..	..	..	..	..	£41,754	3	9

Abstract C.

EXPENSES ATTENDING MAINTENANCE OF CABLES.						£	s.	d.
Expenses of s.s. "Sherard Osborn," effecting numerous repairs, aggregating 110 days, after deducting expenses of ship whilst engaged on Madras-Penang and Rangoon-Penang cables	..	..	..	..	..	698	12	11
Expenses of s.s. "Sherard Osborn" during remainder of six months	..	..	..	..	..	2,240	12	1
Expenses of s.s. "Recorder," effecting numerous repairs, aggregating 160 days	..	..	..	..	£7,710 15 7			
Expenses of s.s. "Recorder" during remainder of six months	..	..	..	..	667 12 8			
					8,378 8 3			
Less amount of charter	..	..	..	..	2,425 0 0			
						5,953	8	3
Cable expended on repairs, and sundry expenses at stations, after deducting value of picked-up cable	..	..	..	..	..	3,618	18	8
Insurance of cable on board maintenance ships	..	..	..	..	..	195	12	10
Expenses of cable depot at Singapore	..	..	..	..	..	2,218	6	9
Charter of Great Northern Company's maintenance-ship for repair of cable in the China seas, and agreed charge for call of ship	..	..	..	..	..	1,300	0	0
Depreciation of cable stores	..	..	..	..	..	1,092	14	5
						£17,318	5	11

GENERAL RESERVE FUND, 30TH JUNE, 1891.

Dr.	£	s.	d.	Cr.	£	s.	d.
To Further expenses in connection with the partial renewal of Madras-Penang cable	3,775	4	6	By Balance of Reserve Fund at 31st December, 1890	495,239	6	7
The following amounts for new cables and cable renewals have from time to time been charged against the Reserve and Revenue Accounts:—				Interest received during half-year	7,971	3	1
Rangoon-Penang cable, 1877..	£156,761	8	1	Profit on sale of investments	1,424	19	6
Rangoon-Penang cable renewals, 1884-85 and 1887	21,175	4	2				
Hongkong-Manila cable, portion of cost, 1880	16,071	10	0				
Singapore-Batavia cable renewal, 1881	64,363	11	5				
Java-Australian cables partial renewals, 1884 and 1888	41,754	17	0				
Singapore-Saigon cable renewals, 1884-85 and 1887-88	59,677	1	11				
Victoria-Tasmania duplicate cable, 1885	31,190	5	0				
Penang-Singapore cable renewal, 1886	53,245	3	8				
Hongkong-Saigon cable partial renewals, 1889-90	15,880	19	9				
Western Australia cable, 1889-90	119,898	0	5				
New Zealand duplicate cable, 1890	188,433	15	6				
Madras-Penang partial renewal, 1890-91	87,452	5	1				
Haiphong-Hongkong partial renewal, 1890	6,668	16	1				
Madras-Penang duplicate cable, portion of cost, 1890..	100,000	0	0				
	£962,572	18	1				
Balance carried down	500,860	4	8				
	£504,635	9	2				
				Balance as per balance-sheet	£500,860	4	8
					£504,635	9	2

BALANCE-SHEET, 30TH JUNE, 1891.

Dr.	£	s.	d.	Cr.	£	s.	d.
To Capital—				By Capital Expenditure as per last account	3,011,161	0	9
300,000 shares at £10 each ..	£3,000,000	0	0	Maintenance - ships, as per last account	66,449	14	10
Less 50,000 of £10 each un-issued ..	500,000	0	0		3,077,610	15	7
	2,500,000	0	0	Expenditure on account of Madras—			
6-per-cent. debentures—				Penang duplicate cable ..	144,112	4	2
3,200 debentures of £100 each ..	£320,000	0	0	Investments on account of reserve funds (see Abstract D) ..	476,231	1	10
Less 3,200 debentures of £100 each paid February, '91	320,000	0	0	Trustees for 5-per-cent. Australian subsidy debentures ..	33,662	14	2
				Spare cable and other stores ..	96,591	18	0
5-per-cent. Australian subsidy debentures—				Traffic and other debit balances ..	82,416	6	1
3,865 debentures of £100 each, as per last account ..	386,500	0	0	Bills receivable ..	50,574	13	9
4-per-cent. mortgage debenture stock	320,000	0	0	Remittances in transit ..	14,300	0	0
				Cash at banker's and in hand ..	66,412	11	2
	£3,206,500	0	0				
Reserve funds—							
General reserve	500,860	4	8				
Maintenance-ships' reserve ..	£46,104	12	5				
Less cost of repairs and alterations to ships ..	8,767	3	7				
	37,337	8	10				
Insurance reserve for maintenance-ships and cables ..	46,632	7	2				
Sinking fund—							
Australian subsidy debenture sinking fund ..	37,662	14	2				
Traffic and other credit balances ..	51,520	18	10				
Debenture interest accrued and unpaid ..	5,200	0	0				
Proprietors for dividends—							
Unclaimed dividends ..	1,033	1	6				
First interim dividend of 2s. 6d. per share, paid 15th July, 1891 ..	31,250	0	0				
Second interim dividend of 2s. 6d. per share, payable 15th October, 1891 ..	31,250	0	0				
Revenue account balance ..	92,665	9	7				
	£4,041,912	4	9		£4,041,912	4	9

Audited and found correct.

London, 10th October, 1891.

HENRY DEVER, F.C.A.,
WELTON, JONES, AND CO., } Auditors.

ABSTRACT D.

LIST OF INVESTMENTS ON ACCOUNT OF RESERVE FUNDS.

£	Government and Miscellaneous.	£	s.	d.
31,000	2½-per-cent. Consols	31,708	17	3
2,500	Chilian Government 4½-per-cent. converted loan ..	2,512	10	4
1,500	Egyptian Government 3-per-cent. guaranteed bonds ..	1,429	1	0
5,000	Government Stock Investment Trust Company 4-per-cent. debenture stock ..	5,200	9	10
15,000	India 3-per-cent. stock	13,859	11	3
25,000	Metropolitan Consolidated 3½-per-cent. stock	25,968	15	0
2,500	Southern Mahratta Railway (Limited) 4-per-cent. debenture stock ..	2,703	14	8
<i>Colonial.</i>				
9,000	Canadian Pacific Railway 5-per-cent. first mortgage debenture bonds ..	9,620	4	10
5,000	Cape of Good Hope Government 4-per-cent. inscribed stock (1882) ..	4,796	6	9
5,000	Ceylon Government 4-per-cent. inscribed stock	5,639	1	9
4,000	City of Sydney 5-per-cent. bonds	4,691	14	6
5,000	Metropolitan Gas Company of Melbourne 5-per-cent. debentures ..	5,563	17	6
5,000	Natal 4-per-cent. consolidated stock, inscribed (1887) ..	4,993	14	1
10,000	New South Wales Government 4-per-cent. debentures	10,230	3	8
15,000	New South Wales Government 3½-per-cent. inscribed stock ..	14,429	14	8
10,000	Queensland Government 4-per-cent. debentures	10,169	2	3
15,000	Queensland Government 4-per-cent. inscribed stock	15,732	19	8
5,000	Tasmanian Government 4-per-cent. debentures	5,050	1	11
13,500	Victorian Government 4½-per-cent. debentures	14,314	5	0
5,000	Victorian Government 4-per-cent. debenture bonds	5,050	1	11
<i>American Railways.</i>				
8,400	Baltimore and Ohio Railroad Company 6-per-cent. sterling bonds (1874) ..	10,420	19	9
\$45,000	Baltimore and Ohio Railroad Company 5-per-cent. bonds (1885) ..	10,375	17	6
\$12,600	Pennsylvania Railroad Company 6-per-cent. consolidated mortgage sinking fund bonds	15,059	11	3

Railway Debenture and Guaranteed Stocks.

		£	s.	d.
7,500	Caledonian Railway 4-per-cent. debenture stock	Costing	8,339	4 8
40,500	Forth Bridge Railway 4-per-cent. guaranteed debenture stock	"	46,548	5 1
14,562	Great Eastern Railway 4-per-cent. debenture stock	"	15,687	17 11
8,000	Great Eastern Railway 4-per-cent. consolidated irre. guaranteed stock	"	8,574	13 0
4,000	West Cornwall Railway, Great Western, Bristol and Exeter, and South Devon Railways, 4½-per-cent. joint rent-charge stock	"	4,794	10 0
3,500	Great Western Railway 5-per-cent. consolidated guaranteed stock	"	5,139	17 6
10,000	Lancashire and Yorkshire Railway 4-per-cent. debenture stock	"	10,965	1 3
5,000	Lancashire and Yorkshire Railway 4-per-cent. consolidated guaranteed stock	"	5,516	10 0
9,750	London, Brighton, and S.C. Railway 4½-per-cent. perl. guar. deb. stock	"	12,748	8 6
7,000	London, Chatham, and Dover Railway 4½-per-cent. arbit. debenture stock	"	8,428	17 6
9,000	London and North-western Railway 4-per-cent. consolidated guaranteed stock	"	10,099	6 3
5,312	London, Tilbury, and Southend Railway 4-per-cent. debenture stock	"	5,833	8 2
14,250	Manchester, Sheffield, and Lincoln Railway 4½-per-cent. debenture stock	"	17,434	5 4
19,900	Metropolitan Railway 4-per-cent. debenture stock	"	21,836	18 6
5,110	Metropolitan District Railway 4½-per-cent. Fulham rent-charge stock	"	6,009	15 1
5,000	Metropolitan District Railway 4-per-cent. debenture stock	"	5,453	3 9
12,000	Metropolitan District Railway 4-per-cent. perl. guaranteed stock	"	12,308	10 10
5,000	Midland Railway 4-per-cent. perl. guaranteed preference stock	"	5,503	15 7
14,500	North British Railway 4-per-cent. debenture stock	"	15,696	5 1
5,000	North E. Railway W. Hartlepool 4-per-cent. preference stock	"	5,466	12 6
8,000	North E. Railway 4-per-cent. consolidated preference stock	"	8,748	6 3
5,000	North E. Railway 4-per-cent. debenture stock	"	5,576	12 9
			<u>£476,231</u>	<u>1 10</u>

FIVE-PER-CENT. AUSTRALIAN GOVERNMENT SUBSIDY DEBENTURES.

NUMBERS of 320 DEBENTURES of £100 each drawn on 7th April, 1891, for Payment at Messrs. Barclay, Bevan, and Co.'s, 54, Lombard Street, E.C., on the 1st July, 1891.

1	449	768	1246	1835	2246	2752	3307	3865	4610	5030	5454	5907
32	450	772	1249	1850	2265	2757	3338	3886	4627	5046	5457	5936
98	499	776	1284	1870	2280	2760	3340	3908	4629	5137	5496	5955
125	504	849	1300	1901	2283	2764	3349	3911	4631	5139	5523	5967
134	507	855	1324	1942	2320	2768	3367	3935	4636	5147	5530	5968
137	508	862	1369	1983	2360	2772	3373	4048	4643	5166	5539	5972
165	527	875	1392	1984	2362	2800	3390	4116	4645	5192	5582	6002
173	528	885	1452	2011	2368	2824	3396	4144	4663	5219	5585	6007
180	558	917	1488	2012	2370	2830	3460	4184	4693	5242	5590	6024
193	573	922	1523	2017	2377	2864	3465	4238	4748	5266	5591	6032
204	585	950	1535	2021	2433	2870	3494	4252	4750	5280	5617	6038
212	592	970	1544	2022	2435	2888	3517	4271	4754	5288	5626	6087
244	597	1008	1545	2042	2455	2919	3519	4275	4801	5297	5695	6099
256	640	1035	1552	2070	2458	2940	3523	4314	4830	5301	5736	6125
277	672	1038	1557	2094	2464	2944	3550	4334	4873	5330	5750	6153
278	673	1042	1588	2097	2501	2972	3555	4338	4887	5347	5752	6189
282	676	1054	1612	2139	2517	2986	3556	4367	4902	5360	5759	6203
311	681	1134	1663	2164	2530	3006	3564	4379	4904	5369	5760	6213
364	688	1140	1703	2169	2546	3045	3609	4384	4908	5373	5792	6217
366	703	1158	1725	2173	2637	3100	3626	4394	4915	5377	5803	6224
390	706	1164	1745	2191	2644	3142	3627	4490	4917	5393	5824	6231
408	714	1195	1759	2200	2686	3208	3634	4499	5002	5411	5839	6266
411	719	1197	1783	2201	2723	3253	3746	4530	5008	5419	5837	6316
433	735	1203	1814	2205	2727	3260	3754	4582	5018	5439	5906	6320
439	736	1209	1829	2228	2739	3304	3853					

Half-year ended 31st December, 1891.

THE EASTERN EXTENSION AUSTRALASIA AND CHINA TELEGRAPH COMPANY (LIMITED).

Directors.—Sir John Pender, K.C.M.G. (Chairman), Sir James Anderson, Francis Augustus Bevan, Esq., Charles William Earle, Esq., the Right Hon. Viscount Monck, George Garden Nicol, Esq., John Denison Pender, Esq., the Most Hon. the Marquis of Tweeddale.

Secretary.—F. E. Hesse, Esq.

Offices.—Winchester House, 50, Old Broad Street, London, E.C.

REPORT and ACCOUNTS of the DIRECTORS for the Half-year ended 31st December, 1891, to be submitted to the Thirty-seventh Ordinary General Meeting, 4th May, 1892.

1. THE usual statements of account for the half-year ended the 31st December, 1891, are submitted herewith.

2. The gross receipts, including Government subsidies, have amounted during the half-year to £243,658 8s. 10d., against £279,095 1s. for the corresponding period of 1890. In the latter figures, however, £8,031 was included for profit on exchange, whereas a loss of £3,232 has been experienced during the past half-year, in addition to which the receipts have been diminished by the reduction of rates to Australia, to which further reference is made below.

3. The working and other expenses, including £22,091 17s. 6d. for cost of repairs to cables and expenses of ships, absorb £74,314 9s. 5d., against £74,090 3s. 2d. for the corresponding period of 1890, leaving a balance of £169,343 19s. 5d. From this is deducted £3,092 2s. 10d. for income-tax, and £31,895 for interest on debentures, debenture stock, and contribution to sinking fund, leaving as the net profit for the half-year £134,356 16s. 7d. Against this £2,535 4s. has been charged for special expenditure, as shown in the Revenue Account, leaving a balance of £131,821 12s. 7d., which, with £92,665 9s. 7d. brought forward, shows an available balance of £224,487 2s. 2d.

4. One quarterly interim dividend of $1\frac{1}{4}$ per cent. has been paid for the half-year, and it is now proposed to distribute another of like amount, making, with the interim dividends paid for the first half-year, a total dividend of 5 per cent. It is also proposed to pay a bonus of 4s. per share, or 2 per cent., making a total distribution of 7 per cent. for the year 1891. The balance of £111,987 2s. 2d. has been carried to the General Reserve Fund, which, after being credited with interest and debited with £191,163 2s. 4d. on account of the cable expenditure specified under the heading "General Reserve Fund," now stands at £428,842 7s. 4d.

5. In accordance with the provisions of the trust deed dated the 15th May, 1879, 337 of the company's 5-per-cent. Australian Government subsidy debentures, amounting to £33,700, were drawn by lot on the 4th instant, for payment at par on the 1st July next. The numbers of the drawn debentures are given at the end of this report.

6. The "guarantee" arrangement made with certain of the Australasian Governments for testing the effect of a four-shilling rate to Australia has now been in operation for eleven months, with the result that the number of words transmitted has increased 48 per cent. over the corresponding period of 1890 and 60 per cent. over that of 1889, the year taken as the basis of the "guarantee," while the revenue has diminished at the rate of £55,000 per annum.

By the terms of the agreement one-half of the loss is borne by the guaranteeing colonies, and the other half by the associated companies and the Indo-European Department of Her Majesty's Indian Government, according to their respective interests in the Australasian traffic.

As the experiment, as far as it has gone, is considered not unsatisfactory, it has been decided to continue it for another year.

7. Numerous interruptions have occurred on the company's system during the past half-year, but, owing to most of the cables being duplicated, the traffic has not been materially affected, except with Manila, which was, unfortunately, cut off from telegraphic communication for several weeks, the cable between Hongkong and Cape Bolinao having broken at each end of the line during a severe typhoon. Negotiations have since been entered into with the Spanish Government for the duplication of the cable, and it is hoped that a satisfactory arrangement may be shortly brought about.

All the cables are now in good working-order.

8. During the half-year under review the company's system has been extended to Sumatra, in accordance with the arrangement concluded with the Netherlands Government, and referred to in the last report. The cable for this connection was taken from the company's stock at Singapore, and the cost of the operation (£14,924) has been debited to the reserve fund.

A contract has also been entered into with the Netherlands-Indian Government for the manufacture and laying, on account of the Government, of a submarine cable to connect Acheen with the company's system at Sumatra, and an arrangement has been made with the Telegraph Construction and Maintenance Company for carrying out the work.

9. The shareholders having at the last meeting approved the principle of establishing a staff pension fund, your directors are having the details worked out by experienced actuaries, and a scheme will be submitted to the meeting for dealing with the matter, together with a formal resolution empowering the directors to carry out the necessary arrangements.

10. In accordance with the articles of association, John Denison Pender, Esq., and the Most Honourable the Marquis of Tweeddale retire by rotation, and, being eligible, offer themselves for re-election.

11. The retiring auditors, Mr. Henry Dever and Messrs. Welton, Jones, and Co., also offer themselves for re-election.

JOHN PENDER, Chairman.

Winchester House, 50, Old Broad Street, London, E.C.,
21st April, 1892.

REVENUE ACCOUNT FOR THE HALF-YEAR ENDED 31ST DECEMBER, 1891.

Dr.		£	s.	d.	Cr.		£	s.	d.
To General expenses in London (see Abstract A)	.. .. .	5,472	1	1	By Message and other receipts	.. .. .	224,244	13	7
General expenses at stations (see Abstract B)	.. .. .	40,085	4	5	Less Payment under agreement with Great Northern Telegraph Company	£1,250 0 0			
Use of patents	.. .. .	200	0	0	Loss on exchange	3,232 6 4			
Electricians' retaining-fee	.. .. .	50	0	0			4,482	6	4
Directors' remuneration	.. .. .	2,000	0	0					
Auditors' fee	.. .. .	100	0	0	Australian duplicate cable subsidy	.. .. .	16,200	0	0
Staff endowment assurance	.. .. .	815	6	5	Tasmanian cable subsidy	.. .. .	2,100	0	0
Repairs to cable (see Abstract C)	.. .. .	22,091	17	6	Tonquin cable subsidy	£5,300 0 0			
Maintenance-ships' Reserve Fund	.. .. .	3,500	0	0	Less deductions for seven days and a half total interruption	.. .. .	217	15	11
Income-tax	.. .. .	3,092	2	10			5,082	4	1
Interest and sinking fund on account of 5-per-cent. Australian subsidy debentures	.. .. .	25,495	0	0	Malacca cable subsidy	.. .. .	200	0	0
Interest on 4-per-cent. mortgage debenture stock	.. .. .	6,400	0	0	Macao cable subsidy	.. .. .	250	0	0
Expenses in connection with duplexing Singapore-Banjoewangie section	.. .. .	1,816	13	0	Transfer fees	.. .. .	63	17	6
Expenses in connection with Chinese and Australian negotiations	.. .. .	613	11	0					
Japanese Relief Fund	.. .. .	105	0	0					
Balance	.. .. .	131,821	12	7					
		£243,658	8	10			£243,658	8	10
Third interim dividend of 1891, 2s. 6d. per share, paid 15th January, 1892	31,250 0 0				Balance down	.. .. .	131,821	12	7
Proposed final dividend of 2s. 6d. per share for 1891, payable 5th May, 1892	31,250 0 0				Balance of Revenue Account to 30th June, 1891	.. .. .	92,665	9	7
Proposed bonus of 4s. per share, payable 5th May, 1892	50,000 0 0								
Balance to Reserve Fund	111,987 2 2								
	£224,487 2 2						£224,487	2	2

ABSTRACTS RELATING TO REVENUE ACCOUNT FOR THE HALF-YEAR ENDED 31ST DECEMBER, 1891.

Abstract A.

	STATEMENT OF GENERAL EXPENSES IN LONDON.						£.	s.	d.
Salaries and wages	..	..	..	..	..	..	2,672	8	10
Office expenses	..	..	..	..	..	..	913	14	0
Rent, taxes, &c.	..	..	..	..	..	..	909	16	6
Stationery and printing	..	..	..	..	..	..	261	10	10
Postage, bill, and other stamps	..	..	..	..	..	..	235	4	1
Advertising	..	..	..	..	..	..	21	3	0
Legal expenses	..	..	..	..	..	..	37	9	8
Repairs and renewals to furniture, &c.	..	..	..	..	..	..	355	14	2
Agencies	..	..	..	..	..	..	65	0	0
Per Revenue Account	..	..	..	..	..	..	£5,472	1	1

Abstract B.

STATEMENT OF GENERAL EXPENSES AT STATIONS.							£	s.	d.
Salaries and wages	..	..	..	..	..	..	26,714	8	8
Travelling-expenses	..	..	..	..	..	..	1,621	18	0
Rent, taxes, house-allowances, &c.	..	..	..	..	..	..	4,240	0	9
Expenses of electric lighting at stations	..	..	..	..	..	..	508	6	11
Provision- and ration-allowances	..	..	..	..	..	..	910	5	7
Maintenance and renewals of instruments and electrical apparatus	..	..	..	..	..	..	967	0	6
Expenses of land-lines	..	..	..	..	..	..	867	12	3
Repairs and renewals of furniture, fittings, &c.	..	..	..	..	..	..	1,035	2	5
Repairs to buildings	..	..	..	..	..	..	579	11	1
Insurances at stations	..	..	..	..	..	..	224	8	7
Stationery and printing	..	..	..	..	..	..	751	6	8
Office and message postages	..	..	..	..	..	..	187	10	1
Office and petty expenses	..	..	..	..	..	..	720	17	5
Medical attendance	..	..	..	..	..	..	554	3	9
Service messages	..	..	..	..	..	..	118	7	2
Expenses of Porthcurno School	..	..	..	..	..	..	250	0	0
Foreign agencies	..	..	..	..	..	..	145	16	8
Advertising at stations	..	..	..	..	..	..	10	8	0
Messengers' uniforms	..	..	..	..	..	..	56	12	11
Income-tax at stations	..	..	..	..	..	..	121	12	0
Per Revenue Account	..	..	..	..	..	..	£40,085	4	5

Abstract C.

EXPENSES ATTENDING MAINTENANCE OF CABLES.

	£	s.	d.
Expenses of s.s. "Sherard Osborn," effecting numerous repairs, aggregating 137 days, after deducting expenses of ship whilst engaged on partial renewal of Hongkong-Tonquin cable	4,768	14	4
Expenses of s.s. "Sherard Osborn" during remainder of six months	2,057	11	3
Expenses of s.s. "Recorder," effecting numerous repairs, aggregating seventy-five days, after deducting expenses of ship whilst engaged on the partial renewal of the Madras-Penang cable, recovery of Rangoon-Penang cable, and laying Penang-Sumatra cable	2,043	11	8
Expenses of s.s. "Recorder" during remainder of six months	3,983	16	1
Cable, expended on repairs, and sundry expenses at stations, after deducting value of picked-up cable	1,922	0	11
Insurance of cable on board ships	678	1	0
Expenses of cable depot at Singapore	1,198	2	3
Charter of Great Northern Company's maintenance-ship for repair of cables in the China seas, and agreed charge for call of ship	5,440	0	0
	<u>£22,091</u>	<u>17</u>	<u>6</u>

GENERAL RESERVE FUND, 31ST DECEMBER, 1891.

Dr.	£	s.	d.	Cr.	£	s.	d.
To Cost of Penang-Sumatra cable	14,924	6	5	By Balance of Reserve Fund at 30th June, 1891	500,860	4	8
Further expenses in connection with partial renewal of Hongkong-Tonquin cable	27,659	4	11	Interest received during half year	7,158	2	10
Further expenses in connection with partial renewal of Madras-Penang cable	4,443	16	3	Balance transferred from Revenue Account to 31st December, 1891	111,987	2	2
Balance of cost of Madras-Penang duplicate cable	144,135	14	9				
The following amounts for new cables and cable renewals have from time to time been charged against the Reserve and Revenue Accounts:—							
Rangoon-Penang cable, 1877	£156,761	8	1				
Rangoon-Penang cable renewals, 1884-85 and 1887	21,175	4	2				
Hongkong-Manila cable, portion of cost, 1880	16,071	10	0				
Singapore-Batavia cable renewal, 1881	64,363	11	5				
Java-Australian cables partial renewals, 1884 and 1888	41,754	17	0				
Singapore-Saigon cable renewals, 1884-85 and 1887-88	59,677	1	11				
Victoria-Tasmania duplicate cable, 1885	31,190	5	0				
Penang-Singapore cable renewal, 1886	53,245	3	8				
Hongkong-Saigon cable partial renewals, 1889-90	15,880	19	9				
Western Australia cable, 1889-90	119,898	0	5				
New Zealand duplicate cable, 1890	188,433	15	6				
Madras-Penang partial renewal, 1890-91	91,896	1	4				
Hongkong-Tonquin partial renewal, 1890-91	34,328	1	0				
Madras-Penang duplicate cable, 1890-91	244,135	14	9				
Penang-Sumatra cable, 1891	14,924	6	5				
	<u>£1,153,736</u>	<u>0</u>	<u>5</u>				
Balance carried down	428,842	7	4				
	<u>£620,005</u>	<u>9</u>	<u>8</u>				
				Balance as per balance-sheet	£620,005	9	8
					£428,842	7	4

BALANCE-SHEET, 31ST DECEMBER, 1891.

Dr.	£	s.	d.	Cr.	£	s.	d.
To Capital—				By Capital expendi-			
300,000 shares at				ture, as per			
£10 each ..	£3,000,000	0	0	last account	£3,011,161	0	9
Less 50,000 shares				Add cost of land			
at £10 each, un-				and new build-			
issued ..	500,000	0	0	ings in Tas-			
				mania, Singa-			
				pore, Java, and			
				Malacca ..	7,880	3	1
5-per-cent. Australia-							
lian subsidy de-					3,019,041	3	10
bentures—				Less transferred			
3,865 debentures				from Australian			
of £100 each, as				5-per-cent. sub-			
per last account	£386,500	0	0	sidy debenture			
Less 320 debentures				sinking fund ..	32,000	0	0
drawn 1st							
April, 1891, for					2,987,041	3	10
payment 1st July,				Maintenance-ships, as per last account	66,449	14	10
1891 ..	32,000	0	0	Investments on account of reserve			
				funds (see Abstract D)	476,231	1	10
4-per-cent. mortgage debenture stock	320,000	0	0	Trustees for 5-per-cent. Australian			
				subsidy debentures ..	9,278	8	3
	3,174,500	0	0	Spare cable and other stores	60,941	12	0
Reserve funds—				Traffic and other debit balances	97,038	14	0
General reserve ..	428,842	7	4	Bills receivable ..	43,256	4	1
Maintenance-ships' reserve ..	41,490	16	11	Remittances in transit ..	15,932	15	1
Insurance reserve for maintenance-				Cash at banker's and in hand	120,152	17	2
ships and cables ..	52,772	2	3				
Sinking fund—Australian subsidy de-							
benture sinking fund ..	22,573	8	3				
Traffic and other credit balances ..	37,528	2	4				
Debenture interest accrued and unpaid	5,200	0	0				
Proprietors for dividends—							
Unclaimed dividends ..	915	14	0				
Third interim dividend of 2s. 6d. per							
share, paid 15th January, 1892 ..	31,250	0	0				
Proposed final dividend of 2s. 6d.							
per share, payable 5th May, 1892	31,250	0	0				
Proposed bonus of 4s. per share, pay-							
able 5th May, 1892 ..	50,000	0	0				
	£3,876,322	11	1		£3,876,322	11	1

Audited and found correct.

London, 14th April, 1892.

HENRY DEVER, F.C.A.,
WELTON, JONES, AND CO., } Auditors.

ABSTRACT D.

LIST OF INVESTMENTS ON ACCOUNT OF RESERVE FUNDS.

£	Government and Miscellaneous.	£	s.	d.
31,000	2½-per-cent. Consols	31,708	17	3
2,500	Chilian Government 4½-per-cent. converted loan	2,512	10	4
1,500	Egyptian Government 3-per-cent. guaranteed bonds	1,429	1	0
5,000	Governments Stock and other Securities Investment Company (Limited)			
	4-per-cent. debenture stock	5,200	9	10
15,000	India 3-per-cent. stock	13,859	11	3
25,000	Metropolitan Consolidated 3½-per-cent. stock	25,968	15	0
2,500	Southern Mahratta Railway (Limited) 4-per-cent. debenture stock	2,703	14	8

Colonial.

9,000	Canadian Pacific Railway 5-per-cent. first mortgage debenture bonds ..	9,620	4	10
5,000	Cape of Good Hope Government 4-per-cent. inscribed stock (1882) ..	4,796	6	9
5,000	Ceylon Government 4-per-cent. inscribed stock	5,639	1	9
4,000	City of Sydney 5-per-cent. bonds	4,691	14	6
5,000	Metropolitan Gas Company of Melbourne 5-per-cent. debentures ..	5,563	17	6
5,000	Natal 4-per-cent. consolidated stock, inscribed (1887)	4,993	14	1
10,000	New South Wales Government 4-per-cent. debentures	10,230	3	8
15,000	New South Wales Government 3½-per-cent. inscribed stock	14,429	14	8
10,000	Queensland Government 4-per-cent. debentures	10,169	2	3
15,000	Queensland Government 4-per-cent. inscribed stock	15,732	19	8
5,000	Tasmanian Government 4-per-cent. debentures	5,050	1	11
13,500	Victorian Government 4½-per-cent. debentures	14,314	5	0
5,000	Victorian Government 4-per-cent. debenture bonds	5,050	1	11

American Railways.

8,400	Baltimore and Ohio Railroad Company 6-per-cent. sterling bonds (1874) ..	10,420	19	9
\$45,000	Baltimore and Ohio Railroad Company 5-per-cent. bonds (1885) ..	10,375	17	6
\$12,600	Pennsylvania Railroad Company 6-per-cent. consolidated mortgage sinking			
	fund bonds	15,059	11	3

Railway Debenture and Guaranteed Stocks.

					£	s.	d.
7,500	Caledonian Railway 4-per-cent. debenture stock	..	..	.. Costing	8,339	4	8
40,500	Forth Bridge Railway 4-per-cent. guaranteed debenture stock	..	..	.. "	46,548	5	1
14,562	Great Eastern Railway 4-per-cent. debenture stock	..	..	.. "	15,687	17	11
8,000	Great Eastern Railway 4-per-cent. consolidated irre. guaranteed stock	..	..	.. "	8,574	13	0
4,000	West Cornwall Railway, Great Western, Bristol and Exeter, and South Devon						
	Railways, 4½-per-cent. joint rent-charge stock	..	..	.. "	4,794	10	0
3,500	Great Western Railway 5-per-cent. consolidated guarantee stock	..	..	.. "	5,139	17	6
10,000	Lancashire and Yorkshire Railway 4-per-cent. debenture stock	..	..	.. "	10,965	1	3
5,000	Lancashire and Yorkshire Railway 4-per-cent. consolidated guaranteed stock	..	..	.. "	5,516	10	0
9,750	London, Brighton, and S.C. Railway 4½-per-cent. perl. guar. deb. stock	..	..	.. "	12,748	8	6
7,000	London, Chatham, and Dover Railway 4½-per-cent. arbit. debenture stock	..	..	.. "	8,428	17	6
9,000	London and North-western Railway 4-per-cent. consolidated guaranteed stock	..	..	.. "	10,099	6	3
5,312	London, Tilbury, and Southend Railway 4-per-cent. debenture stock	..	..	.. "	5,833	8	2
14,250	Manchester, Sheffield, and Lincolnshire Railway 4½-per-cent. debenture stock	..	..	.. "	17,434	5	4
19,900	Metropolitan Railway 4-per-cent. debenture stock	..	..	.. "	21,836	18	6
5,110	Metropolitan District Railway 4½-per-cent. Fulham rent-charge stock	..	..	.. "	6,009	15	1
5,000	Metropolitan District Railway 4-per-cent. debenture stock	..	..	.. "	5,453	3	9
12,000	Metropolitan District Railway 4-per-cent. perl. guaranteed stock	..	..	.. "	12,308	10	10
5,000	Midland Railway 4-per-cent. perl. guaranteed preference stock	..	..	.. "	5,503	15	7
14,500	North British Railway 4-per-cent. debenture stock	..	..	.. "	15,696	5	1
5,000	North E. Railway W. Hartlepool 4-per-cent. preference stock	..	..	.. "	5,466	12	6
8,000	North E. Railway 4-per-cent. consolidated preference stock	..	..	.. "	8,748	6	3
5,000	North E. Railway 4-per-cent. debenture stock	..	..	.. "	5,576	12	9
					<u>£476,231</u>	<u>1</u>	<u>10</u>

FIVE-PER-CENT. AUSTRALIAN GOVERNMENT SUBSIDY DEBENTURES.

NUMBERS of 337 DEBENTURES of £100 each drawn on the 4th April, 1892, for Payment at Messrs. Barclay, Bevan, and Co., 54, Lombard Street, E.C., on 1st July, 1892.

3	608	1039	1571	1970	2509	2953	3350	3931	4354	4990	5610	5941
23	623	1045	1584	1993	2513	2955	3410	3979	4357	5041	5634	5945
78	636	1070	1600	2033	2521	2991	3437	3980	4362	5097	5646	5954
88	680	1096	1616	2051	2538	3008	3461	3990	4383	5112	5648	5978
100	692	1121	1619	2054	2542	3014	3487	4011	4420	5126	5655	5994
129	699	1122	1638	2058	2545	3034	3505	4015	4446	5132	5682	6023
164	712	1153	1644	2063	2567	3051	3522	4061	4484	5144	5687	6075
190	743	1161	1650	2096	2582	3056	3529	4075	4523	5195	5699	6143
198	745	1179	1705	2177	2604	3071	3579	4080	4534	5198	5710	6172
255	751	1247	1707	2180	2625	3082	3594	4093	4692	5210	5715	6205
340	762	1274	1713	2220	2653	3108	3637	4107	4739	5228	5764	6206
359	779	1287	1744	2245	2661	3109	3696	4139	4741	5233	5769	6219
380	782	1317	1768	2255	2700	3119	3717	4150	4797	5237	5773	6247
397	807	1319	1786	2307	2702	3139	3728	4172	4799	5238	5789	6254
401	825	1321	1790	2316	2732	3186	3742	4174	4821	5257	5790	6255
437	838	1380	1793	2334	2778	3191	3764	4176	4829	5310	5795	6298
443	874	1411	1796	2343	2787	3203	3774	4206	4831	5313	5810	6299
447	878	1415	1838	2345	2797	3222	3811	4258	4840	5321	5840	6301
489	891	1421	1873	2381	2811	3224	3836	4287	4845	5331	5851	6306
498	901	1445	1911	2387	2812	3264	3855	4294	4891	5376	5855	6332
505	925	1453	1925	2390	2836	3268	3858	4307	4953	5400	5856	6350
531	948	1472	1929	2412	2852	3290	3874	4309	4956	5417	5875	6354
562	963	1520	1935	2429	2865	3292	3895	4318	4957	5509	5882	6357
581	976	1529	1950	2459	2875	3326	3926	4325	4959	5520	5894	6362
598	1001	1555	1954	2469	2889	3328	3928	4331	4966	5540	5919	6400
602	1015	1564	1965	2477	2928	3348	3929	4342	4984	5592	5921	

Half-year ended 30th June, 1892.

THE EASTERN EXTENSION AUSTRALASIA AND CHINA TELEGRAPH COMPANY (LIMITED).

Directors.—Sir John Pender, G.C.M.G., M.P. (Chairman), Sir James Anderson, Francis Augustus Bevan, Esq., Charles William Earle, Esq., the Right Hon. Viscount Monck, George Garden Nicol, Esq., John Denison Pender, Esq., the Most Hon. the Marquis of Tweeddale.

Secretary.—F. E. Hesse, Esq.

Offices.—Winchester House, 50, Old Broad Street, London, E.C.

Winchester House, 50, Old Broad Street, London, E.C.,
24th October, 1892.

10—1. 7,

Dr.	£	s.	d.	Cr.	£	s.	d.
To First interim dividend of 1892, 2s. 6d.							
per share, paid 15th July, 1892 ..	31,250	0	0				
Second interim dividend of 1892, 2s. 6d.							
per share, paid 15th October, 1892 ..	31,250	0	0				
Balance	70,271	1	9	By Balance down	132,771	1	9
	<u>£132,771</u>	<u>1</u>	<u>9</u>		<u>£132,771</u>	<u>1</u>	<u>9</u>

ABSTRACTS RELATING TO REVENUE ACCOUNT FOR THE HALF-YEAR ENDED 30TH JUNE, 1892.

Abstract A.

STATEMENT OF GENERAL EXPENSES IN LONDON.

	£	s.	d.
Salaries and wages	2,893	9	10
Office expenses	823	11	3
Rent, taxes, &c.	904	2	4
Stationery and printing	275	13	3
Postage, bill, and other stamps	182	10	7
Advertising	99	3	2
Legal expenses	50	1	0
Repairs and renewals to furniture, &c.	233	1	8
Per Revenue Account	<u>£5,461</u>	<u>13</u>	<u>1</u>

Abstract B.

STATEMENT OF GENERAL EXPENSES AT STATIONS.

	£	s.	d.
Salaries and wages	27,727	17	10
Travelling-expenses	1,573	9	9
Rent, taxes, house-allowances, &c., ...	4,152	16	8
Expenses of electric lighting at stations	573	5	3
Provision- and ration-allowances	873	2	1
Maintenance and renewals of instruments and electrical apparatus	420	11	3
Expenses of land-lines	342	7	11
Repairs and renewals of furniture, fittings, &c.	672	8	4
Repairs to buildings	313	17	8
Insurances at stations	216	18	5
Stationery and printing	1,697	9	5
Office and message postages	170	4	6
Office and petty expenses	778	17	5
Medical attendance	578	17	4
Service messages	105	2	3
Expenses of Porthcurno School	250	0	0
Foreign agencies	179	3	4
Advertising at stations	86	5	2
Messengers' uniforms	52	18	5
Income-tax at stations	120	0	0
Per Revenue Account	<u>£40,885</u>	<u>13</u>	<u>0</u>

Abstract C.

EXPENSES ATTENDING MAINTENANCE OF CABLES.

	£	s.	d.
Expenses of s.s. "Sherard Osborn," effecting numerous repairs, aggregating seventy-seven days, after deducting expenses of ship whilst engaged on Penang-Singapore triplicate and Rangoon-Penang cables £2,234 0 0	3,975	9	5
Expenses of s.s. "Sherard Osborn" during remainder of six months	6,209	9	5
Expenses of s.s. "Recorder," effecting numerous repairs, aggregating sixty-nine days, after deducting expenses of ship whilst on charter to the Netherlands-Indian Government	£3,878	17	2
Expenses of s.s. "Recorder" during remainder of six months	4,361	15	3
	8,240	12	5
Cable expended on repairs, and sundry expenses at stations, after deducting value of picked-up cable	5,246	19	6
Insurance of cable on board ships	635	19	8
Expenses of cable depot at Singapore	1,912	0	5
Charter of Great Northern Company's maintenance-ship for repair of cables in the China seas, and agreed charge for call of the ship	2,560	0	0
Depreciation of cable stores	1,554	8	0
Per Revenue Account	<u>£26,359</u>	<u>9</u>	<u>5</u>

GENERAL RESERVE FUND, 30TH JUNE, 1892.

Dr.	£	s.	d.	Cr.	£	s.	d.
To Cost of Singapore-Penang triplicate cable	25,974	19	4	By Balance of Reserve Fund at 31st December, 1891	428,842	7	4
Cost of partial renewal of the Shanghai-Foochow cable	5,307	13	10	Interest received during half-year ..	6,738	9	2
The following amounts for new cables and cable renewals have from time to time been charged against the Reserve and Revenue Accounts:—				Value of cable recovered from Rangoon-Penang section after crediting capital expenditure with £20,000 ..	22,324	3	5
Rangoon-Penang cable, 1877	£156,761	8	1				
Less value of cable recovered, and credited to Reserve Fund, 1892	22,324	3	5				
	134,437	4	8				
Rangoon-Penang cable renewals, 1884-85 and 1887	21,175	4	2				
Hongkong-Manila cable, portion of cost, 1880 ..	16,071	10	0				
Singapore-Batavia cable renewal, 1881	64,363	11	5				
Java-Australian cables partial renewals, 1884 and 1888	41,754	17	0				
Singapore-Saigon cable renewals, 1884-85 and 1887-88	59,677	1	11				
Victoria-Tasmania duplicate cable, 1885	31,190	5	0				
Penang-Singapore cable renewal, 1886	53,245	3	8				
Hongkong-Saigon cable partial renewals, 1889-90	15,880	19	9				
Western Australia cable, 1889-90	119,898	0	5				
New Zealand duplicate cable, 1890	188,433	15	6				
Madras-Penang partial renewal, 1890-91	91,896	1	4				
Hongkong-Tonquin partial renewal, 1890 and 1891	34,328	1	0				
Madras-Penang duplicate cable, 1890-91	244,135	14	9				
Penang-Sumatra cable, 1891	14,924	6	5				
Singapore-Penang triplicate cable, 1892	25,974	19	4				
Shanghai-Foochow partial renewal, 1892	5,307	13	10				
	£1,162,694	10	2				
Balance carried down	426,642	6	9				
	£457,924	19	11				
				Balance as per balance-sheet ..	£426,642	6	9
					£457,924	19	11

BALANCE-SHEET, 30TH JUNE, 1892.

Dr.	£	s.	d.	Cr.	£	s.	d.
To Capital—				By Capital expenditure			
300,000 shares of £10 each .. £3,000,000	0	0		as per last account	£2,987,041	3	10
Less 50,000 shares of £10 each, unissued	500,000	0	0	Add cost of land and buildings in New Zealand	723	13	6
	2,500,000	0	0		2,987,764	17	4
5-per-cent. Australian subsidy debentures—				Less value of cable recovered from Rangoon-Penang section charged to capital in June, 1877	20,000	0	0
3,545 debentures of £100 each, as per last account	354,500	0	0		2,967,764	17	4
4-per-cent. mortgage debenture stock	320,000	0	0	Maintenance-ships, as per last account	66,449	14	10
	3,174,500	0	0		3,034,214	12	2
Reserve funds—				Investments on account of reserve funds (see Abstract D)	476,231	1	10
General reserve	426,642	6	9	Trustees for 5-per-cent. Australian subsidy debentures	35,529	1	1
Maintenance-ships' reserve	45,716	18	7	Spare cable and other stores	95,299	6	6
Insurance reserve for maintenance-ships and cables	53,805	12	8	Traffic and other debit balances	128,324	1	5
Sinking fund—				Bills receivable	59,282	0	0
Australian subsidy debenture sinking fund	39,529	1	11	Remittances in transit	16,230	0	0
Traffic and other credit balances	58,625	19	5	Cash at banker's and in hand	93,208	2	9
Debenture interest accrued and unpaid	5,201	19	0				
Proprietors for dividends—							
Unclaimed dividends	1,525	6	6				
First interim dividend of 2s. 6d. per share, paid 15th July, 1892	31,250	0	0				
Second interim dividend of 2s. 6d. per share, paid 15th October, 1892	31,250	0	0				
Revenue account balance	70,271	1	9				
	£3,938,318	6	7		£3,938,318	6	7

Audited and found correct.

HENRY DEVER, F.C.A.,
WELTON, JONES, AND CO., } Auditors.

London, 15th October, 1892.

ABSTRACT D.

LIST OF INVESTMENTS ON ACCOUNT OF RESERVE FUNDS.

£		Government and Miscellaneous.		£	s.	d.
31,000	2½-per-cent. Consols	..	Costing	31,708	17	3
2,500	Chilian Government 4½-per-cent. converted loan	..	"	2,512	10	4
1,500	Egyptian Government 3-per-cent. guaranteed bonds	..	"	1,429	1	0
5,000	Governments Stock and other Securities Investment Company (Limited)	..	"			
	4-per-cent. debenture stock	..	"	5,200	9	10
15,000	India 3-per-cent. stock	..	"	13,859	11	3
25,000	Metropolitan Consolidated 3½-per-cent. stock	..	"	25,968	15	0
2,500	Southern Mahratta Railway (Limited) 4-per-cent. debenture stock	..	"	2,703	14	8
<i>Colonial.</i>						
9,000	Canadian Pacific Railway 5-per-cent. first mortgage debenture bonds	..	Costing	9,620	4	10
5,000	Cape of Good Hope Government 4-per-cent. inscribed stock, 1882	..	"	4,796	6	9
5,000	Ceylon Government 4-per-cent. inscribed stock	..	"	5,639	1	9
4,000	City of Sydney 5-per-cent. bonds	..	"	4,691	14	6
5,000	Metropolitan Gas Company of Melbourne 5-per-cent. debentures	..	"	5,563	17	6
5,000	Natal 4-per-cent. consolidated stock, inscribed (1887)	..	"	4,993	14	1
10,000	New South Wales Government 4-per-cent. debentures	..	"	10,230	3	8
15,000	New South Wales Government 3½-per-cent. inscribed stock	..	"	14,429	14	8
10,000	Queensland Government 4-per-cent. debentures	..	"	10,169	2	3
15,000	Queensland Government 4-per-cent. inscribed stock	..	"	15,732	19	8
5,000	Tasmanian Government 4-per-cent. debentures	..	"	5,050	1	11
13,500	Victorian Government 4½-per-cent. debentures	..	"	14,314	5	0
5,000	Victorian Government 4-per-cent. debenture bonds	..	"	5,050	1	11
<i>American Railways.</i>						
8,400	Baltimore and Ohio Railroad Company 6-per-cent. sterling bonds (1874)	..	Costing	10,420	19	9
\$45,000	Baltimore and Ohio Railroad Company 5-per-cent. bonds (1885)	..	"	10,375	17	6
£12,600	Pennsylvania Railroad Company 6 per-cent. consolidated mortgage sinking fund bonds	..	"	15,059	11	3
<i>Railway Debenture and Guaranteed Stocks.</i>						
7,500	Caledonian Railway 4-per-cent. debenture stock	..	Costing	8,339	4	8
40,500	Forth Bridge Railway 4 per-cent. guaranteed debenture stock	..	"	46,548	5	1
14,562	Great Eastern Railway 4-per-cent. debenture stock	..	"	15,687	17	11
8,000	Great Eastern Railway 4-per-cent. consolidated irre. guaranteed stock	..	"	8,574	13	0
4,000	West Cornwall Railway, Great Western, Bristol and Exeter, and South Devon Railways, 4½-per-cent. joint rent-charge stock	..	"	4,794	10	0
3,500	Great Western Railway 5-per-cent. consolidated guaranteed stock	..	"	5,139	17	6
10,000	Lancashire and Yorkshire Railway 4-per-cent. debenture stock	..	"	10,965	1	3
5,000	Lancashire and Yorkshire Railway 4-per-cent. consolidated guaranteed stock	..	"	5,516	10	0
9,750	London, Brighton, and S.C. Railway 4½-per-cent. perl. guar. deb. stock	..	"	12,748	8	6
7,000	London, Chatham, and Dover Railway 4½-per-cent. arbit. debenture stock	..	"	8,428	17	6
9,000	London and North-western Railway 4-per-cent. consolidated guar. stock	..	"	10,099	6	3
5,312	London, Tilbury, and Southend Railway 4-per-cent. debenture stock	..	"	5,833	8	2
14,250	Manchester, Sheffield, and Lincolnshire Railway 4½-per-cent. deb. stock	..	"	17,434	5	4
19,900	Metropolitan Railway 4-per-cent. debenture stock	..	"	21,886	18	6
5,110	Metropolitan District Railway 4½-per-cent. Fulham rent-charge stock	..	"	6,009	15	1
5,000	Metropolitan District Railway 4-per-cent. debenture stock	..	"	5,453	3	9
12,000	Metropolitan District Railway 4-per-cent. perl. guar. stock	..	"	12,308	10	10
5,000	Midland Railway 4-per-cent. perl. guar. pref. stock	..	"	5,503	15	7
14,500	North British Railway 4-per-cent. debenture stock	..	"	15,696	5	1
5,000	North E. Railway W. Hartlepool 4-per-cent. preference stock	..	"	5,466	12	6
8,000	North E. Railway 4-per-cent. con. pref. stock	..	"	8,748	6	3
5,000	North E. Railway 4-per-cent. debenture stock	..	"	5,576	12	9
				£476,231	1	10

FIVE-PER-CENT. AUSTRALIAN GOVERNMENT SUBSIDY DEBENTURES.

NUMBERS of 337 DEBENTURES of £100 each drawn on 4th April, 1892, for Payment at Messrs. Barclay, Bevan, and Co., 54, Lombard Street, E.C., on the 1st July, 1892.

3	608	1039	1571	1970	2509	2953	3350	3931	4354	4990	5610	5941
23	623	1045	1584	1993	2513	2955	3410	3979	4357	5041	5634	5945
78	636	1070	1600	2033	2521	2991	3437	3980	4362	5097	5646	5954
88	680	1096	1616	2051	2538	3008	3461	3990	4383	5112	5648	5978
100	692	1121	1619	2054	2542	3014	3487	4011	4420	5126	5655	5994
129	699	1122	1638	2058	2545	3034	3505	4015	4446	5132	5682	6023
164	712	1153	1644	2063	2567	3051	3522	4061	4484	5144	5687	6075
190	743	1161	1650	2096	2582	3056	3529	4075	4529	5195	5699	6148
198	745	1179	1705	2177	2604	3071	3579	4080	4534	5198	5710	6172
255	751	1247	1707	2180	2625	3082	3594	4093	4692	5210	5715	6205
340	762	1274	1713	2220	2653	3108	3637	4107	4739	5228	5764	6206
359	779	1287	1744	2245	2661	3109	3696	4139	4741	5233	5769	6219
380	782	1317	1768	2255	2700	3119	3717	4150	4797	5237	5773	6247
397	807	1319	1786	2307	2702	3139	3728	4172	4799	5238	5789	6254
401	825	1321	1790	2316	2732	3186	3742	4174	4821	5257	5790	6255
497	838	1380	1793	2334	2778	3191	3764	4176	4829	5310	5795	6298
443	874	1411	1796	2343	2787	3203	3774	4206	4831	5313	5810	6299
447	878	1415	1838	2345	2797	3222	3811	4258	4840	5321	5840	6301
489	891	1421	1873	2381	2811	3224	3836	4287	4845	5331	5851	6306
498	901	1445	1911	2387	2812	3264	3855	4294	4891	5376	5855	6332
505	925	1453	1925	2390	2836	3268	3858	4307	4933	5400	5856	6350
531	948	1472	1929	2412	2852	3290	3874	4309	4956	5417	5875	6354
562	963	1520	1935	2429	2865	3292	3895	4318	4957	5509	5882	6357
581	976	1529	1950	2459	2875	3326	3926	4325	4959	5520	5894	6362
598	1001	1555	1954	2469	2889	3328	3928	4331	4966	5540	5919	6400
602	1015	1564	1965	2477	2928	3348	3929	4342	4984	5592	5921	

Half-year ended 31st December, 1892.

THE EASTERN EXTENSION AUSTRALASIA AND CHINA TELEGRAPH COMPANY (LIMITED).

Directors.—Sir John Pender, G.C.M.G., M.P. (Chairman), Sir James Anderson, Francis Augustus Bevan, Esq., Charles William Earle, Esq., the Right Hon. Viscount Monck, George Garden Nicol, Esq., John Denison Pender, Esq., the Most Hon. the Marquis of Tweeddale.

Secretary.—F. E. Hesse, Esq.

Offices.—Winchester House, 50, Old Broad Street, London, E.C.

REPORT and ACCOUNTS of the DIRECTORS for the Half-year ended 31st December, 1892, to be submitted to the Thirty-ninth Ordinary General Meeting, 19th April, 1893.

1. THE usual statements of account for the half-year ended 31st December, 1892, are submitted herewith.

2. The gross receipts, including Government subsidies, have amounted during the half-year to £247,766 19s. 1d., against £243,658 8s. 10d. for the corresponding period of 1891.

3. The working and other expenses, including £38,103 1s. 1d. for cost of repairs to cables and expenses of ships, absorb £91,768 18s., against £74,314 9s. 5d. for the corresponding period of 1891, leaving a balance of £155,998 1s. 1d. From this is deducted £6,030 8s. 3d. for income-tax, and £31,895 for interest on debentures, debenture stock, and contribution to sinking fund, leaving as the net profit for the half-year £118,072 12s. 10d., which, with £70,271 1s. 9d. brought forward from the previous half-year, shows an available balance of £188,343 14s. 7d.

4. One quarterly interim dividend of $1\frac{1}{4}$ per cent. has been paid for the half-year, and it is now proposed to distribute another of like amount on the 20th instant, making, with the interim dividends paid for the first half-year, a total dividend of 5 per cent. It is also proposed to pay a bonus of 4s. per share, or 2 per cent., making a total distribution of 7 per cent. for the year 1892. The balance of £75,843 14s. 7d. has been carried to the General Reserve Fund, which, after being credited with interest received on investments, now stands at £509,732 19s.

5. The alterations of tariff with the Australasian Colonies, to which reference was made in the last report, came into force on the 1st January last, and the result so far is encouraging.

6. Since the close of the half-year the tariffs at the stations affected by the serious depreciation in the silver currency have also been adjusted, so as to avert as far as possible the loss on exchange from which the company has so long suffered, and which during the past six months amounted to the large sum of £11,692.

7. In accordance with the provisions of the trust deed, dated the 15th May, 1879, 353 of the company's 5-per-cent. Australian Government subsidy debentures, amounting to £35,300, were drawn by lot on the 6th instant for payment at par on the 1st July next. The numbers of the drawn debentures are given at the end of this report.

8. The company's maintenance-ships have, as usual, been employed on various repairs during the half-year under review, but, owing to most of the cables being duplicated, the traffic has not been materially affected.

9. In accordance with the articles of association, Sir John Pender, G.C.M.G., M.P., and Sir James Anderson retire by rotation, and, being eligible, offer themselves for re-election.

10. The retiring auditors, Mr. Henry Dever and Messrs. Welton, Jones, and Co., also offer themselves for re-election.

JOHN PENDER, Chairman.

Winchester House, 50, Old Broad Street, London, E.C.,
10th April, 1893.

REVENUE ACCOUNT FOR THE HALF-YEAR ENDED 31ST DECEMBER, 1892.

Dr.	£	s.	d.	Cr.	£	s.	d.
To General expenses in London (see Abstract A)	5,657	2	2	By Message and other receipts	236,597	4	0
General expenses at stations (see Abstract B)	41,297	9	1	Less payment under agreement with Great Northern Telegraph Company	£1,250	0	0
Use of patents	100	0	0	Less loss on exchange	11,692	19	3
Electricians' retaining-fee	50	0	0				
Directors' remuneration	2,000	0	0				
Auditors' fees	100	0	0				
Staff endowment assurance	890	17	8				
Expenses in connection with Australian negotiations	70	8	0				
Repairs to cables (see Abstract C)	38,103	1	1	Australian duplicate cable subsidy	16,200	0	0
Maintenance-ships' Reserve Fund	3,500	0	0	Tasmanian cable subsidy	2,100	0	0
Income-tax	6,030	8	3	Tonquin cable subsidy	5,800	0	0
Interest and sinking fund on account of 5-per-cent. Australian subsidy debentures	25,495	0	0	Malacca cable subsidy	200	0	0
Interest on 4-per-cent. mortgage debenture stock	6,400	0	0	Macao cable subsidy	250	0	0
Balance	118,072	12	10	Transfer fees	62	13	6
	<u>£247,766</u>	<u>19</u>	<u>1</u>				
					<u>£247,766</u>	<u>19</u>	<u>1</u>

REVENUE ACCOUNT—*continued.*

<i>Dr.</i>	£	s.	d.	<i>Cr.</i>	£	s.	d.
To Third interim dividend of 1892, 2s. 6d. per share, paid 16th January, 1893 ..	31,250	0	0	By Balance down ..	118,072	12	10
Proposed final dividend of 2s. 6d. per share for 1892, payable 20th April, 1893 ..	31,250	0	0	Balance of Revenue Account to 30th June, 1892 ..	70,271	1	9
Proposed bonus of 4s. per share, payable 20th April, 1893 ..	50,000	0	0				
Balance to Reserve Fund ..	75,843	14	7				
	<u>£188,343</u>	<u>14</u>	<u>7</u>		<u>£188,343</u>	<u>14</u>	<u>7</u>

ABSTRACTS RELATING TO REVENUE ACCOUNT FOR THE HALF-YEAR ENDED 31ST DECEMBER, 1892.

Abstract A.

STATEMENT OF GENERAL EXPENSES IN LONDON.						£	s.	d.
Salaries and wages ..	..	..	..	..	..	3,131	7	7
Office expenses ..	..	..	..	..	..	966	10	4
Rent, taxes, &c. ..	..	..	..	..	..	922	13	4
Stationery and printing ..	..	..	..	..	..	246	2	10
Postage, bill, and other stamps ..	..	..	..	..	..	193	0	2
Advertising ..	..	..	..	..	..	47	7	4
Legal expenses ..	..	..	..	..	..	27	15	0
Repairs and renewals to furniture, &c. ..	..	..	..	..	..	122	5	7
Per Revenue Account ..	..	..	..	..	..	<u>£5,657</u>	<u>2</u>	<u>2</u>

Abstract B.

STATEMENT OF GENERAL EXPENSES AT STATIONS.						£	s.	d.
Salaries and wages ..	..	..	..	..	..	27,462	5	11
Travelling-expenses ..	..	..	..	..	..	1,249	8	7
Rent, taxes, house-allowances, &c. ..	..	..	..	..	..	4,827	11	0
Expenses of electric lighting at stations ..	..	..	..	..	..	540	10	7
Provision- and ration-allowances ..	..	..	..	..	..	755	10	3
Maintenance and renewals of instruments and electrical apparatus ..	..	..	..	..	..	1,429	3	6
Expenses of land-lines ..	..	..	..	..	..	128	14	7
Repairs and renewals of furniture, fittings, &c. ..	..	..	..	..	..	731	17	5
Repairs to buildings ..	..	..	..	..	..	1,186	6	9
Insurances at stations ..	..	..	..	..	..	225	8	1
Stationery and printing ..	..	..	..	..	..	574	10	0
Office and message postages ..	..	..	..	..	..	180	10	3
Office and petty expenses ..	..	..	..	..	..	764	11	8
Medical attendance ..	..	..	..	..	..	481	14	2
Service messages ..	..	..	..	..	..	154	13	7
Expenses of Porthcurno School ..	..	..	..	..	..	250	0	0
Foreign agencies ..	..	..	..	..	..	170	16	8
Advertising at stations ..	..	..	..	..	..	12	17	6
Messengers' uniforms ..	..	..	..	..	..	48	14	4
Income-tax at stations ..	..	..	..	..	..	122	4	3
Per Revenue Account ..	..	..	..	..	..	<u>£41,297</u>	<u>9</u>	<u>1</u>

Abstract C.

EXPENSES ATTENDING MAINTENANCE OF CABLES.				£	s.	d.
Expenses of s.s. "Sherard Osborn," effecting numerous repairs, aggregating eighty-nine days ..	£4,538	14	8			
Expenses of s.s. "Sherard Osborn" during remainder of six months ..	3,470	1	0			
				8,008	15	8
Expenses of s.s. "Recorder," effecting numerous repairs, aggregating seventy-six days, after deducting expenses of ship whilst engaged on charter by Netherlands-Indian Government ..	£2,632	13	5			
Expenses of s.s. "Recorder" during remainder of six months ..	3,739	4	1			
				6,371	17	6
Cable expended on repairs, and sundry expenses at stations, after deducting value of picked-up cable ..				15,796	3	9
Insurance of cable on board ships ..				685	15	3
Expenses of cable depot at Singapore ..				2,118	18	5
Charter of Great Northern Company's maintenance-ship for repair of cables in the China seas, and agreed charge for call of the ship ..				3,880	0	0
Depreciation of cable stores ..				1,241	10	6
Per Revenue Account ..				<u>£38,103</u>	<u>1</u>	<u>1</u>

GENERAL RESERVE FUND, 31ST DECEMBER, 1892.

Dr.	£	s.	d.	Cr.	£	s.	d.
The following amounts for new cables and cable renewals have from time to time been charged against the Reserve and Revenue Accounts:—				By Balance of Reserve Fund at 30th June, 1892 ..	426,642	6	9
Rangoon—Penang cable, 1877 ..	£156,761	8	1	Interest received during half-year ..	7,246	17	8
Less value of cable recovered and credited to Reserve Fund, 1892 ..	22,324	3	5	Balance transferred from Revenue Account to 31st December, 1892 ..	75,843	14	7
	<u>134,437</u>	<u>4</u>	<u>8</u>				
Rangoon—Penang cable renewals, 1884–85 and 1887 ..	21,175	4	2				
Hongkong—Manila cable, portion of cost, 1880 ..	16,071	10	0				
Singapore—Batavia cable renewal, 1881 ..	64,363	11	5				
Java—Australian cables partial renewals, 1884 and 1888 ..	41,754	17	0				
Singapore—Saigon cable renewals, 1884–85 and 1887–88 ..	59,677	1	11				
Victoria—Tasmania duplicate cable, 1885 ..	31,190	5	0				
Penang—Singapore cable renewal, 1886 ..	53,245	3	8				
Hongkong—Saigon cable partial renewals, 1889–90 ..	15,880	19	9				
Western Australian cable, 1889–90 ..	119,898	0	5				
New Zealand duplicate cable, 1890 ..	188,433	15	6				
Madras—Penang partial renewal, 1890–91 ..	91,896	1	4				
Hongkong—Tonquin partial renewal, 1890 and 1891 ..	34,328	1	0				
Madras—Penang duplicate cable, 1890–91 ..	244,135	14	9				
Penang—Sumatra cable, 1891 ..	14,924	6	5				
Singapore—Penang triPLICATE cable, 1892 ..	25,974	19	4				
Shanghai—Foochow partial renewal, 1892 ..	5,307	13	10				
	<u>£1,162,694</u>	<u>10</u>	<u>2</u>				
Balance carried down..			509,732 19 0				
			<u>£509,732 19 0</u>				<u>£509,732 19 0</u>
				Balance as per balance-sheet ..			<u>£509,732 19 0</u>

BALANCE-SHEET, 31ST DECEMBER, 1892.

Dr.	£	s.	d.	Cr.	£	s.	d.
To Capital—				By Capital expenditure			
300,000 shares of £10 each ..	£3,000,000	0	0	as per last account ..	£2,967,764	17	4
Less 50,000 shares of £10 each, unissued ..	500,000	0	0	Add cost of land and new buildings at Flinders and Hongkong ..	7,950	1	5
	<u>2,500,000</u>	<u>0</u>	<u>0</u>		<u>2,975,714</u>	<u>18</u>	<u>9</u>
5-per-cent. Australian subsidy debentures—				Less transferred from Australian 5-per-cent. subsidy debenture sinking fund ..	33,700	0	0
3,545 debentures of £100 each, as per last account ..	£354,500	0	0		<u>2,942,014</u>	<u>18</u>	<u>9</u>
Less 337 debentures drawn 4th April, 1892, for payment 1st July, 1892 ..	33,700	0	0	Maintenance-ships, as per last account ..	66,449	14	10
	<u>320,800</u>	<u>0</u>	<u>0</u>		<u>3,008,464</u>	<u>13</u>	<u>7</u>
4-per-cent. mortgage debenture stock ..	320,000	0	0	Investments on account of reserve funds (see Abstract D) ..	531,417	4	1
	<u>3,140,800</u>	<u>0</u>	<u>0</u>	Trustees for 5-per-cent. Australian subsidy debentures ..	10,270	6	9
Reserve funds—				Spare cable and other stores ..	76,335	0	9
General reserve ..	509,732	19	0	Traffic and other debit balances ..	108,117	11	4
Maintenance-ships' reserve ..	50,016	19	6	Bills receivable ..	49,035	0	0
Insurance reserve for maintenance-ships and cables ..	60,075	6	10	Remittances in transit ..	8,165	0	0
Sinking fund—				Cash at banker's and in hand ..	135,963	10	5
Australian subsidy debenture sinking fund ..	23,565	6	9				
Traffic and other credit balances ..	24,968	9	4				
Debenture interest accrued and unpaid ..	5,205	17	0				
Proprietors for dividends—							
Unclaimed dividends ..	903	8	6				
Third interim dividend of 2s. 6d. per share, paid 16th January, 1893 ..	31,250	0	0				
Proposed final dividend of 2s. 6d. per share, payable 20th April, 1893 ..	31,250	0	0				
Proposed bonus of 4s. per share, payable 20th April, 1893 ..	50,000	0	0				
	<u>£3,927,768</u>	<u>6</u>	<u>11</u>		<u>£3,927,768</u>	<u>6</u>	<u>11</u>

Audited and found correct.

HENRY DEVER, F.C.A.,
WELTON, JONES, AND CO., } Auditors.

London, 6th April, 1893.

ABSTRACT D.

LIST OF INVESTMENTS ON ACCOUNT OF RESERVE FUNDS.

£		<i>Government and Miscellaneous.</i>		£ s. d.	
31,000	2½-per-cent. Consols	..	..	Costing	31,708 17 3
2,500	Chilian Government 4½-per-cent. converted loan	..	..	"	2,512 10 4
4,600	Eastern Extension Australasia and China Telegraph Company (Limited)	..	..	"	
	5-per-cent. Australian Government subsidy debentures	..	..	"	4,865 18 8
1,500	Egyptian Government 3-per-cent. guaranteed bonds	..	..	"	1,429 1 0
3,500	Globe Telegraph and Trust Company (Limited) 6-per-cent. pref. shares	..	..	"	5,374 13 0
5,000	Government Stock and other Securities Investment Company (Limited)	..	..	"	
	4-per-cent. debenture stock	..	..	"	5,200 9 10
15,000	India 3-per-cent. stock	..	..	"	13,859 11 3
25,000	Metropolitan Consolidated 3½-per-cent. stock	..	..	"	25,968 15 0
10,000	Pacific and European Telegraph Company (Limited) 4-per-cent. guaranteed debentures	..	..	"	10,200 0 0
2,500	Southern Mahratta Railway (Limited) 4-per-cent. debenture stock	..	..	"	2,703 14 8
<i>Colonial.</i>					
9,000	Canadian Pacific Railway 5-per-cent. first mortgage debenture bonds	..	Costing	9,620 4 10	
5,000	Cape of Good Hope Government 4-per-cent. inscribed stock (1882)	..	"	4,796 6 9	
5,000	Ceylon Government 4-per-cent. inscribed stock	..	"	5,639 1 9	
4,000	City of Sydney 5-per-cent. bonds	..	"	4,691 14 6	
5,000	Metropolitan Gas Company of Melbourne 5-per-cent. debentures	..	"	5,563 17 6	
5,000	Natal 4-per-cent. consolidated stock, inscribed (1887)	..	"	4,993 14 1	
10,000	New South Wales Government 4-per-cent. debentures	..	"	10,230 3 8	
15,000	New South Wales Government 3½-per-cent. inscribed stock	..	"	14,429 14 8	
10,000	Queensland Government 4-per-cent. debentures	..	"	10,169 2 3	
15,000	Queensland Government 4-per-cent. inscribed stock	..	"	15,732 19 8	
5,000	Tasmanian Government 4-per-cent. debentures	..	"	5,050 1 11	
13,500	Victorian Government 4½-per-cent. debentures	..	"	14,314 5 0	
5,000	Victorian Government 4-per-cent. debenture bonds	..	"	5,050 1 11	
<i>American Railways.</i>					
8,400	Baltimore and Ohio Railroad Company 6-per-cent. sterling bonds (1874)	..	Costing	10,420 19 9	
\$45,000	Baltimore and Ohio Railroad Company 5-per-cent. bonds (1885)	..	"	10,375 17 6	
\$25,000	Central Railroad Company of New Jersey 5-per-cent. gen. mort. coupon gold bonds	..	"	5,726 16 0	
\$10,000	Cleveland and Pittsburg Railroad Company 4½-per-cent. gen. mort. gold bonds	..	"	2,295 15 0	
\$50,000	Illinois Central Railroad Company 4-per-cent. Cairo Bridge gold bonds	..	"	10,075 3 0	
\$25,000	New York Central and Hudson River Railroad Company 4-per-cent. gold debenture certificates of 1890	..	"	5,256 17	
£17,600	Pennsylvania Railroad Company 6-per-cent. consolidated mort. sinking fund bonds	..	"	21,062 1 1	
\$25,000	Pittsburg, Cincinnati, Chicago, and St. Louis Railway Company 4-per-cent. con. mort. gold bonds (series A)	..	"	5,388 9 3	
<i>Railway Debenture and Guaranteed Stocks.</i>					
£7,500	Caledonian Railway 4-per-cent. debenture stock	..	Costing	8,389 4 8	
40,500	Forth Bridge Railway 4-per-cent. guaranteed debenture stock	..	"	46,548 5 1	
14,562	Great Eastern Railway 4-per-cent. debenture stock	..	"	15,687 17 11	
8,000	Great Eastern Railway 4-per-cent. consolidated irre. guaranteed stock	..	"	8,574 13 0	
4,000	West Cornwall Railway, Great Western, Bristol and Exeter, and South Devon Railways, 4½-per-cent. joint rent charge stock	..	"	4,794 10 0	
3,500	Great Western Railway 5-per-cent. consolidated guaranteed stock	..	"	5,139 17 6	
10,000	Lancashire and Yorkshire Railway 4-per-cent. debenture stock	..	"	10,965 1 3	
5,000	Lancashire and Yorkshire Railway 4-per-cent. consolidated guaranteed stock	..	"	5,516 10 0	
9,750	London, Brighton, and S.C. Railway 4½-per-cent. perl. guar. deb. stock	..	"	12,748 8 6	
7,000	London, Chatham, and Dover Railway 4½-per-cent. arbit. debenture stock	..	"	8,428 17 6	
9,000	London and North-western Railway 4-per-cent. consolidated guar. stock	..	"	10,099 6 3	
5,312	London, Tilbury, and Southend Railway 4-per-cent. debenture stock	..	"	5,833 8 2	
14,250	Manchester, Sheffield, and Lincolnshire Railway 4½-per-cent. deb. stock	..	"	17,434 5 4	
19,900	Metropolitan Railway 4-per-cent. debenture stock	..	"	21,836 18 6	
5,110	Metropolitan District Railway 4½-per-cent. Fulham rent-charge stock	..	"	6,009 15 1	
5,000	Metropolitan District Railway 4-per-cent. debenture stock	..	"	5,453 3 9	
12,000	Metropolitan District Railway 4-per-cent. perl. guar. stock	..	"	12,308 10 10	
5,000	Midland Railway 4-per-cent. perl. guar. pref. stock	..	"	5,503 15 7	
19,333 6 8	North British Railway 3-per-cent. debenture stock	..	"	15,696 5 1	
5,000	North E. Railway W. Hartlepool 4-per-cent. preference stock	..	"	5,466 12 6	
8,000	North E. Railway 4-per-cent. con. pref. stock	..	"	8,748 6 3	
5,000	North E. Railway 4-per-cent. debenture stock	..	"	5,576 12 9	
					<u>£531,417 4 1</u>

FIVE-PER-CENT. AUSTRALIAN GOVERNMENT SUBSIDY DEBENTURES.

NUMBERS of 353 DEBENTURES of £100 each drawn on 6th April, 1893, for Payment at Messrs. Barclay, Bevan, and Co., 54, Lombard Street, E.C., on the 1st July, 1893.

24	491	890	1414	1893	2350	2714	3043	3648	4221	4702	5368	5808
56	506	905	1447	1920	2395	2715	3060	3670	4239	4715	5387	5826
117	512	919	1456	1926	2404	2725	3067	3684	4242	4759	5394	5848
121	520	929	1467	1959	2421	2726	3078	3692	4322	4772	5399	5871
149	535	934	1468	1960	2425	2736	3105	3693	4340	4784	5441	5872
150	542	956	1480	2050	2440	2744	3112	3770	4343	4838	5458	5891
151	544	965	1481	2060	2481	2766	3116	3784	4349	4865	5467	5927
181	599	1075	1491	2061	2499	2767	3205	3791	4371	4878	5470	5947
199	605	1099	1514	2077	2522	2818	3209	3856	4400	4911	5475	5962
216	607	1100	1524	2083	2548	2820	3233	3859	4453	4968	5479	6016
230	616	1141	1527	2116	2549	2823	3254	3866	4463	4972	5499	6049
246	632	1171	1549	2119	2556	2825	3258	3872	4468	4980	5507	6067
248	649	1191	1550	2124	2561	2832	3269	3879	4495	4981	5513	6072
261	652	1216	1566	2130	2563	2838	3305	3905	4511	4988	5528	6116
300	654	1217	1605	2141	2575	2846	3343	3971	4540	4989	5554	6156
316	671	1239	1610	2151	2579	2847	3355	3978	4556	4995	5566	6188
319	685	1252	1636	2153	2595	2848	3359	4019	4560	5012	5573	6204
358	695	1265	1642	2157	2596	2859	3371	4034	4572	5016	5580	6212
381	696	1273	1671	2167	2613	2860	3406	4041	4584	5023	5581	6237
383	708	1278	1715	2229	2614	2893	3464	4059	4594	5036	5587	6246
384	729	1294	1723	2232	2615	2927	3469	4076	4595	5048	5618	6256
389	741	1318	1750	2236	2652	2943	3526	4109	4600	5065	5625	6260
396	747	1322	1799	2257	2655	2957	3531	4112	4613	5098	5638	6292
404	760	1340	1811	2288	2665	2958	3561	4119	4641	5127	5641	6326
430	809	1354	1813	2293	2684	2962	3578	4146	4656	5156	5644	6348
436	836	1358	1858	2311	2690	2979	3608	4154	4667	5224	5724	6393
456	858	1402	1867	2330	2698	3009	3643	4175	4697	5245	5732	6399
490	886											

Half-year ended 30th June, 1893.

THE EASTERN EXTENSION AUSTRALASIA AND CHINA TELEGRAPH COMPANY (LIMITED).

Directors.—Sir John Pender, G.C.M.G., M.P. (Chairman), Francis Augustus Bevan, Esq., Sir Albert J. Leppoc Cappel, K.C.I.E., Charles William Earle, Esq., the Right Hon. Viscount Monck, George Garden Nicol, Esq., John Denison Pender, Esq., the Most Hon. the Marquis of Tweeddale.

Secretary.—F. E. Hesse, Esq.

Offices.—Winchester House, 50, Old Broad Street, London, E.C.

REPORT and ACCOUNTS of the DIRECTORS for the Half-year ended 30th June, 1893, to be submitted to the Fortieth Ordinary General Meeting, 1st November, 1893.

1. THE usual statements of account for the half-year ended 30th June, 1893, are herewith submitted.

2. The gross receipts, including Government subsidies, have amounted during that period to £257,986 13s. 5d., against £246,988 16s. 6d. for the corresponding half-year of 1892.

3. The working expenses, including £21,649 3s. 3d. for cost of repairs to cables and expenses of ships, absorb £78,229 19s. 3d., against £79,281 11s. 10d. for the corresponding period of 1892, leaving a balance of £179,756 14s. 2d. From this is deducted £3,968 15s. 5d. for income-tax, £32,171 1s. 1d. for interest on debentures, debenture stock, contribution to sinking fund and special expenditure, leaving £143,616, 17s. 8d. as the net profit for the half-year.

4. Two quarterly interim dividends of 1½ per cent. each, amounting to £62,500, have been paid for the half-year under review, leaving £81,116 17s. 8d. to be carried forward.

5. The working of the Australian tariff arrangement for the second year of guarantee ended 30th April last has resulted in a loss of £43,558, as compared with £55,040 for the first year, and in accordance with the terms of the agreement one-half of the loss, or £21,779, has been made up by the guaranteeing colonies, and the other half borne by the associated companies.

6. Your directors have to record with deep regret the lamented death, on the 7th May last, of their much esteemed and valued colleague, Sir James Anderson, who had been connected with the company since its formation.

Under the powers given to them by the articles of association, they have elected Sir Albert J. Leppoc Cappel, K.C.I.E., to fill the vacancy thus occasioned.

7. Your directors have to report that the chairman having performed the duties of managing director since the death of Colonel Glover in 1881 without salary, they have added to the chairman's remuneration the salary formerly paid to the managing director in consideration of the ever-increasing duties and responsibilities falling upon the management.

8. The company's maintenance-ships have, as usual, been employed on various cable repairs during the half-year under review, as shown in Abstract C, but, owing to most of the cables being duplicated, the revenue has in no instance been materially affected.

JOHN PENDER, Chairman.

Winchester House, 50, Old Broad Street, London, E.C.,
23rd October, 1893.

REVENUE ACCOUNT FOR THE HALF-YEAR ENDED 30TH JUNE, 1893.

Dr.	£	s.	d.	Cr.	£	s.	d.
To General expenses in London (see Abstract A)	6,684	7	5	By Message and other receipts, after deducting loss on exchange ..	233,860	3	5
General expenses at stations (see Abstract B)	43,294	6	8	Australian duplicate cable subsidies ..	16,200	0	0
Use of patents	100	0	0	Tasmanian cable subsidy	2,100	0	0
Electricians' retaining-fee	50	0	0	Tonquin cable subsidy	5,300	0	0
Directors' remuneration	2,000	0	0	Malacca cable subsidy	200	0	0
Auditors' fees	100	0	0	Macao cable subsidy	250	0	0
Staff endowment assurance	852	1	11	Transfer fees	76	10	0
Repairs to cables (see Abstract C) ..	21,649	3	3				
Maintenance-ships' Reserve Fund ..	3,500	0	0				
Income-tax	3,968	15	5				
Interest and sinking fund on account of 5-per-cent. Australian subsidy debentures	25,495	0	0				
Interest on 4-per-cent. mortgage debenture stock	6,400	0	0				
H.M.S. "Victoria" Relief Fund	100	0	0				
Queensland Floods Relief Fund	100	0	0				
Expenses in connection with Chinese concessionary negotiations	76	1	1				
Balance	143,616	17	8				
	<u>£257,986</u>	<u>13</u>	<u>5</u>		<u>£257,986</u>	<u>13</u>	<u>5</u>
First interim dividend of 1893, 2s. 6d. per share, paid 15th July, 1893 ..	31,250	0	0				
Second interim dividend of 1893, 2s. 6d. per share, paid 14th October, 1893 ..	31,250	0	0				
Balance	81,116	17	8	By Balance down	143,616	17	8
	<u>£143,616</u>	<u>17</u>	<u>8</u>		<u>£143,616</u>	<u>17</u>	<u>8</u>

ABSTRACTS RELATING TO REVENUE ACCOUNT FOR THE HALF-YEAR ENDED 30TH JUNE, 1893.

Abstract A.

STATEMENT OF GENERAL EXPENSES IN LONDON.

	£	s.	d.
Salaries, including managing director's remuneration	3,193	5	6
Wages	192	14	2
Office expenses	977	12	1
Rent, taxes, &c.	938	10	2
Stationery and printing	335	0	2
Postage, bill, and other stamps	185	0	11
Advertising	106	4	9
Legal expenses	48	8	0
Repairs and renewals to furniture, &c. ..	767	11	8
Per Revenue Account	<u>£6,684</u>	<u>7</u>	<u>5</u>

Abstract B.

STATEMENT OF GENERAL EXPENSES AT STATIONS.				£	s.	d.
Salaries and wages	..	..	..	26,860	0	7
Travelling-expenses	..	..	..	1,297	11	2
Rent, taxes, house-allowances, &c.	..	..	..	4,972	7	11
Expenses of electric lighting at stations	..	..	..	741	15	1
Provision- and ration-allowances	..	..	..	805	0	8
Maintenance and renewals of instruments and electrical apparatus	..	..	..	1,616	8	8
Expenses of land-lines	..	..	..	107	4	8
Repairs and renewals of furniture, fittings, &c.	..	..	..	1,070	6	7
Repairs to buildings	..	..	..	1,336	4	7
Insurances at stations	..	..	..	244	7	9
Stationery and printing	..	..	..	1,973	14	1
Office and message postages..	..	..	..	197	17	7
Office and petty expenses	..	..	..	650	6	3
Medical attendance	..	..	..	597	6	11
Service messages	..	..	..	137	16	4
Expenses of Porthurno School	..	..	..	250	0	0
Foreign agencies	..	..	..	170	16	8
Advertising at stations	..	..	..	117	0	10
Messengers' uniforms	..	..	..	41	14	9
Income-tax at stations	..	..	..	106	5	7
Per Revenue Account	..	..	..	£43,294	6	8

Abstract C.

EXPENSES ATTENDING MAINTENANCE OF CABLES.		£	s.	d.
Expenses of s.s. "Sherard Osborn," effecting numerous repairs, aggregating seventy-seven days, after deducting expenses of ship whilst engaged on picking up Madras-Penang old cable		2,595	10	2
Expenses of s.s. "Sherard Osborn" during remainder of six months		3,946	9	3
Expenses of s.s. "Recorder" effecting numerous repairs, aggregating thirty-eight days, after deducting expenses of ship whilst engaged on picking up Saigon-Hongkong old cable		1,532	9	5
Expenses of s.s. "Recorder" during remainder of six months		4,515	9	2
Cable and pipe-line expended on repairs and sundry expenses at stations after deducting value of picked-up cable		3,910	2	11
Insurance of cable on board ships		680	15	9
Expenses of cable depot at Singapore		1,783	13	10
Charter of Great Northern Company's maintenance-ship for repair of cables in the China seas, and agreed charge for call of the ship		1,120	0	0
Depreciation of cable stores		1,564	12	9
		£21,649	3	3

GENERAL RESERVE FUND, 30TH JUNE, 1893.

[illegible]

BALANCE-SHEET, 30TH JUNE, 1893.

Dr.			Cr.		
To Capital—			By Capital expenditure,		
300,000 shares of	£	s. d.	as per last account	£	s. d.
£10 each .. £3,000,000 0 0			Add cost of cottage		
Less 50,000 shares			at Manila .. 100 0 0		
of £10 each, un-				2,942,114 18 9	
issued .. 500,000 0 0			Maintenance-ships, as per last account	66,449 14 10	
	2,500,000 0 0			3,008,564 13 7	
5-per-cent. Australian subsidy debentures—			Investments on account of reserve		
3,208 debentures of £100 each, as			funds (see Abstract D)	535,998 13 0	
per last account .. 320,800 0 0			Trustees for 5-per-cent. Australian		
4-per-cent. mortgage debenture stock	320,000 0 0		subsidy debentures	37,380 12 11	
	3,140,800 0 0		Spare cable and other stores	91,531 8 6	
Reserve funds—			Traffic and other debit balances ..	119,819 17 5	
General reserve	519,217 2 0		Bills receivable	37,135 0 0	
Maintenance-ships' reserve ..	54,392 5 5		Remittances in transit	22,376 5 3	
Insurance reserve for maintenance-			Cash at banker's and in hand ..	141,463 17 7	
ships and cables	61,232 10 11				
Sinking fund—					
Australian subsidy debenture sink-					
ing fund	41,380 12 11				
Traffic and other credit balances ..	27,138 1 1				
Debenture interest accrued and unpaid	5,187 10 6				
Proprietors for dividends—					
Unclaimed dividends	1,305 7 6				
First interim dividend of 2s. 6d. per					
share, paid 15th July, 1893 ..	31,250 0 0				
Second interim dividend of 2s. 6d.					
per share, paid 14th October, 1893	31,250 0 0				
Revenue account balance	81,116 17 8				
	£3,994,270 8 3			£3,994,270 8 3	

Audited and found correct.

London, 20th October, 1893.

HENRY DEVER, F.C.A.,
WELTON, JONES, AND Co., } Auditors.

ABSTRACT D.

LIST OF INVESTMENTS ON ACCOUNT OF RESERVE FUNDS.

£	Government and Miscellaneous.			£	s.	d.
31,000	2½-per-cent. Consols	..	Costing	31,708	17	3
2,500	Chilian Government 4½ per-cent. converted loan	..	"	2,512	10	4
9,100	Eastern Extension Australasia and China Telegraph Company (Limited)	..	"			
	5-per-cent. Australian Government subsidy debentures	..	"	9,447	7	7
1,500	Egyptian Government 3-per-cent. guaranteed bonds	..	"	1,429	1	0
3,500	Globe Tel. and Trust Company (Limited) 6-per-cent. pref. shares	..	"	5,974	13	0
5,000	Government Stock and other Securities Investment Company (Limited)	..	"			
	4-per-cent. debenture stock	..	"	5,200	9	10
15,000	India 3-per-cent. stock	..	"	13,859	11	3
25,000	Metropolitan Consolidated 3½ per-cent. stock	..	"	25,968	15	0
10,000	Pacific and European Telegraph Company (Limited) 4-per-cent. guaranteed	..	"			
	debentures	..	"	10,200	0	0
2,500	Southern Mahratta Railway (Limited) 4-per-cent. debenture stock	..	"	2,708	14	8
Colonial.						
9,000	Canadian Pacific Railway 5 per-cent. first mortgage debenture bonds	..	Costing	9,620	4	10
5,000	Cape of Good Hope Government 4 per-cent. inscribed stock (1882)	..	"	4,796	6	9
5,000	Ceylon Government 4-per-cent. inscribed stock	..	"	5,639	1	9
4,000	City of Sydney 5-per-cent. bonds	..	"	4,691	14	6
5,000	Metropolitan Gas Company of Melbourne 5 per-cent. debentures	..	"	5,563	17	6
5,000	Natal 4-per-cent. consolidated stock inscribed (1887)	..	"	4,993	14	1
10,000	New South Wales Government 4-per-cent. debentures	..	"	10,230	3	8
15,000	New South Wales Government 3½ per-cent. inscribed stock	..	"	14,429	14	8
10,000	Queensland Government 4-per-cent. debentures	..	"	10,169	2	3
15,000	Queensland Government 4-per-cent. inscribed stock	..	"	15,732	19	8
5,000	Tasmanian Government 4-per-cent. debentures	..	"	5,050	1	11
13,500	Victorian Government 4½ per-cent. debentures	..	"	14,314	5	0
5,000	Victorian Government 4-per-cent. debenture bonds	..	"	5,050	1	11

American Railways.

<i>American Railways.</i>				£	s.	d.
8,400	Baltimore and Ohio Railroad Company 6-per-cent. ster. bonds (1874)	..	Costing	10,420	19	9
\$45,000	Baltimore and Ohio Railroad Company 5-per-cent. bonds (1885)	..	"	10,375	17	6
\$25,000	Central Railroad Company of New Jersey 5-per-cent. general mortgage coupon gold bonds	..	"	5,726	16	0
\$10,000	Cleveland and Pittsburg Railroad Company 4½-per-cent. general mortgage gold bonds	..	"	2,295	15	0
\$50,000	Illinois Central Railroad Company 4-per-cent. Cairo Bridge gold bonds	..	"	10,075	3	0
\$25,000	New York Central and Hudson River Railroad Company 4-per-cent. gold debenture certificates of 1890	..	"	5,256	17	6
£17,600	Pennsylvania Railroad Company 6-per-cent. consolidated mortgage sinking-fund bonds	..	"	21,062	1	1
\$25,000	Pittsburg, Cincinnati, Chicago, and St. Louis Railway Company 4½-per-cent. consolidated mortgage gold bonds (Series A)	..	"	5,388	9	3

Railway Debenture and Guaranteed Stocks.

£7,500	Caledonian Railway 4-per-cent. debenture stock	..	..	Costing	8,339	4	8
40,500	Forth Bridge Railway 4-per-cent. guaranteed debenture stock	..	..	"	46,548	5	1
14,562	Great Eastern Railway 4-per-cent. debenture stock	..	..	"	15,687	17	11
8,000	Great Eastern Railway 4-per-cent. consolidated irred. guaranteed stock	..	..	"	8,574	13	0
4,000	West Cornwall Railway, Great Western, Bristol and Exeter, and South Devon Railways $4\frac{1}{2}$ -per-cent. joint rent-charge stock	..	..	"	4,794	10	0
3,500	Great Western Railway 5-per-cent. consolidated guaranteed stock	..	..	"	5,139	17	6
10,000	Lancashire and Yorkshire Railway 4-per-cent. debenture stock	..	..	"	10,965	1	3
5,000	Lancashire and Yorkshire Railway 4-per-cent. consolidated guar. stock	..	..	"	5,516	10	0
9,750	London, Brighton, and South Coast Railway $4\frac{1}{2}$ -per-cent. perpetual guaranteed debenture stock	..	..	"	12,748	8	6
7,000	London, Chatham, and Dover Railway $4\frac{1}{2}$ -per-cent. arbit. debenture stock	..	..	"	8,428	17	6
9,000	London and North-western Railway 4-per-cent. consolidated guar. stock	..	..	"	10,099	6	3
5,312	London, Tilbury, and Southend Railway 4-per-cent. debenture stock	..	..	"	5,833	8	2
14,250	Manchester, Sheffield, and Lincoln Railway $4\frac{1}{2}$ -per-cent. debenture stock	..	..	"	17,434	5	4
19,900	Metropolitan Railway 4-per-cent. debenture stock	..	..	"	21,836	18	6
5,110	Metropolitan District Railway $4\frac{1}{2}$ -per-cent. Fulham rent-charge stock	..	..	"	6,009	15	1
5,000	Metropolitan District Railway 4-per-cent. debenture stock	..	..	"	5,453	3	9
12,000	Metropolitan District Railway 4-per-cent. perpetual guaranteed stock	..	..	"	12,308	10	10
5,000	Midland Railway 4-per-cent. perpetual guaranteed preference stock	..	..	"	5,503	15	7
19,333 6 8	North British Railway 3-per-cent. debenture stock	..	..	"	15,696	5	1
5,000	North E. Railway, West Hartlepool, 4-per-cent. preference stock	..	..	"	5,466	12	6
8,000	North E. Railway, West Hartlepool, 4-per-cent. consolidated pref. stock	..	..	"	8,748	6	3
5,000	North E. Railway, West Hartlepool, 4-per-cent. debenture stock	..	..	"	5,576	12	9
					£535,998	13	0

FIVE-PER-CENT. AUSTRALIAN GOVERNMENT SUBSIDY DEBENTURES.

NUMBERS of 353 DEBENTURES of £100 each drawn on 6th April, 1893, for Payment at Messrs. Barclay, Bevan, and Co., 54, Lombard Street, E.C., on the 1st July, 1893.

[illegible]

Half-year ended 31st December, 1893.

THE EASTERN EXTENSION AUSTRALASIA AND CHINA TELEGRAPH COMPANY (LIMITED).

Directors.—Sir John Pender, G.C.M.G., M.P. (Chairman), Francis Augustus Bevan, Esq., Sir Albert J. Leppoc Cappel, K.C.I.E., Charles William Earle, Esq., the Right Hon. Viscount Monck, George Garden Nicol, Esq., John Denison Pender, Esq., the Most Hon. the Marquis of Tweeddale.

Secretary.—F. E. Hesse, Esq.

Offices.—Winchester House, 50, Old Broad Street, London, E.C.

REPORT and ACCOUNTS of the DIRECTORS for the Half-year ended 31st December, 1893, to be submitted to the Forty-first Ordinary General Meeting, 18th April, 1894.

1. THE usual statements of account for the half-year ended 31st December, 1893, are submitted herewith.

2. The gross receipts, including Government subsidies, have amounted during the half-year to £251,698 10s. 6d., against £247,766 19s. 1d. for the corresponding period of 1892.

3. The working and other expenses, including £21,122 4s. 8d. for cost of repairs to cables and expenses of ships, absorb £76,574 15s. 6d., against £91,768 18s. 0d. for the corresponding period of 1892, leaving a balance of £175,123 15s. 0d. From this is deducted £4,015 1s. 9d. for income-tax, and £31,895 for interest on debentures, debenture stock, and contribution to sinking fund, leaving as the net profit for the half-year £139,213 13s. 3d., which, with £81,116 17s. 8d. brought forward from the previous half-year, shows an available balance of £220,330 10s. 11d.

4. One quarterly interim dividend of $1\frac{1}{4}$ per cent. has been paid for the half-year, and it is now proposed to distribute another of like amount on the 19th instant, making, with the interim dividends paid for the first half-year, a total dividend of 5 per cent. It is also proposed to pay a bonus of 4s. per share or 2 per cent., making a total distribution of 7 per cent. for the year 1893. The balance of £107,830 10s. 11d. has been carried to the General Reserve Fund, which, after being credited with interest received on investments during the half-year, now stands at £633,686 2s.

5. The working of the Australian tariff arrangement for the third year of "guarantee," ending 30th instant, is estimated to result in a loss of between £11,000 and £12,000, half of which will be borne by the guaranteeing Governments, and the other half by the associated cable companies, in accordance with the terms of the agreement. This loss would, however, be far greater but for the abnormally large traffic which was transmitted during a portion of the year in connection with the financial crisis in Australia.

6. In accordance with the provisions of the trust deed dated 10th May, 1879, 371 of the company's 5-per-cent. Australian Government subsidy debentures, amounting to £37,100, were drawn by lot on the 2nd instant for payment at par on the 2nd July next. The numbers of the drawn debentures are given at the end of this report.

7. With a view to carrying out the arrangements referred to at the last general meeting for increasing the security of the company's China system, a contract has been entered into with the Telegraph Construction and Maintenance Company for the manufacture and laying of an alternative cable between Singapore and Hongkong, connecting the Island of Labuan and British North Borneo *en route*. The first section between Singapore and Labuan is now being laid, and the whole work is expected to be completed and the line opened for traffic before the end of the present month.

8. Your directors have the satisfaction to report that the Netherlands-Indian Government have placed at the company's disposal a special wire through Java for the transmission of the international traffic by the company's employés, and a small station has been opened by the company in the Government office at Sourabaya in connection with the same. This special wire gives the company an efficient alternative communication to their Singapore-Banjoewangie cable.

9. In accordance with the articles of association, Francis Augustus Bevan, Esq., and Sir Albert J. Leppoc Cappel, K.C.I.E., retire by rotation, and, being eligible, offer themselves for re-election.

10. The retiring auditor, Mr. Henry Dever, desires to offer his firm, Messrs. Deloitte, Dever, Griffiths, and Co., for election as auditors to the company. Messrs. Welton, Jones, and Co. also retire, and offer themselves for re-election.

JOHN PENDER, Chairman.

Winchester House, 50, Old Broad Street, London, E.C.
9th April, 1894.

REVENUE ACCOUNT FOR THE HALF-YEAR ENDED 31ST DECEMBER, 1893.

Dr.	£	s.	d.	Cr.	£	s.	d.
To General expenses in London (see Abstract A)	6,538	6	8	By Message and other receipts, after deducting loss on exchange	227,578	17	0
General expenses at stations (see Abstract B)	41,412	5	10	Australian duplicate cable subsidies	16,200	0	0
Use of Patents	100	0	0	Tasmanian cable subsidy	2,100	0	0
Electrician's retaining-fee	50	0	0	Tonquin cable subsidy	5,300	0	0
Directors' remuneration	2,000	0	0	Malacca cable subsidy	200	0	0
Auditors' fees	100	0	0	Macao cable subsidy	250	0	0
Staff endowment assurance	875	4	3	Transfer fees	69	13	6
Staff Pension Fund	691	15	1				
Expenses in connection with Australian and Chinese negotiations, and formation of pension fund	184	19	0				
Repairs to cables (see Abstract C) ..	21,122	4	8				
Maintenance-ships' Reserve Fund ..	3,500	0	0				
Income-tax	4,015	1	9				
Interest and sinking fund on account of 5-per-cent. Australian subsidy debentures	25,495	0	0				
Interest on 4-per-cent. mortgage debenture stock	6,400	0	0				
Balance	139,213	13	3				
	<u>£251,698</u>	<u>10</u>	<u>6</u>		<u>£251,698</u>	<u>10</u>	<u>6</u>
Third interim dividend of 1893, 2s. 6d. per share paid 16th January, 1894 ..	31,250	0	0				
Proposed final dividend of 2s. 6d. per share for 1893, payable 19th April, 1894	31,250	0	0				
Proposed bonus of 4s. per share, payable 19th April, 1894	50,000	0	0	By Balance down	139,213	13	3
Balance to General Reserve Fund ..	107,830	10	11	Balance of revenue 30th June, 1893 ..	81,116	17	8
	<u>£220,330</u>	<u>10</u>	<u>11</u>		<u>£220,330</u>	<u>10</u>	<u>11</u>

ABSTRACTS RELATING TO REVENUE ACCOUNT FOR THE HALF-YEAR ENDED 31ST DECEMBER, 1893.

Abstract A.

STATEMENT OF GENERAL EXPENSES IN LONDON.				£	s.	d.
Salaries, including managing director's remuneration				3,561	9	6
Wages				205	4	0
Office Expenses				925	13	4
Rent, taxes, &c.				1,067	2	8
Stationery and Printing				280	3	5
Postage, bill, and other stamps				180	12	7
Advertising				34	14	10
Legal expenses				140	11	0
Repairs and renewals to furniture, &c.				142	15	4
Per Revenue Account				<u>£6,538</u>	<u>6</u>	<u>8</u>

Abstract B.

STATEMENT OF GENERAL EXPENSES AT STATIONS.				£	s.	d.
Salaries and wages				27,264	6	6
Travelling expenses				1,090	15	3
Rent, taxes, house-allowances, &c.				5,115	7	9
Expenses of electric lighting at stations				697	12	5
Provision- and ration-allowances				773	0	10
Maintenance and renewals of instruments and electrical apparatus				1,227	4	2
Expenses of land-lines				117	16	10
Repairs and renewals of furniture, fittings, &c. ..				1,364	3	8
Repairs to buildings				881	17	11
Insurances at stations				244	9	6
Stationery and printing				455	8	5
Office and message postages				198	4	1
Office and petty expenses				661	19	0
Medical attendance				538	11	1
Service messages				100	10	10
Expenses of Porthcurno School				250	0	0
Foreign agencies				170	16	8
Advertising at stations				80	14	11
Messengers' uniforms				75	6	0
Income-tax at stations				104	0	0
Per Revenue Account				<u>£41,412</u>	<u>5</u>	<u>10</u>

Abstract C.

EXPENSES ATTENDING MAINTENANCE OF CABLES.

Expenses of s.s. "Sherard Osborn," effecting numerous repairs, aggregating sixty-four days	£3,181 18 2	£	s.	d.
Expenses of s.s. "Sherard Osborn" during remainder of six months	4,031 0 3			
		7,212	18	5
Expenses of s.s. "Recorder," effecting numerous repairs, aggregating eighteen days	655 19 11			
Expenses of s.s. "Recorder" during remainder of six months	5,090 7 2			
		5,746	7	1
Cable expended on repairs, and sundry expenses of stations, after deducting value of picked-up cable		2,860	12	9
Insurance of cable on board maintenance-ships		579	19	4
Expenses of cable depot at Singapore		1,758	0	8
Charter of Great Northern Company's maintenance-ship for repair of cables in the China seas, and agreed charge for call of ship		1,420	0	0
Depreciation of cable stores		1,544	6	5
Per Revenue Account		£21,122	4	8

GENERAL RESERVE FUND, 31ST DECEMBER, 1893.

<i>Dr.</i>	£	s.	d.	<i>Cr.</i>	£	s.	d.
The following amounts for new cables and cable renewals have from time to time been charged against the Reserve and Revenue Accounts:—				By Balance of Reserve Fund at 30th June, 1893	519,217	2	8
Rangoon-Penang cable, 1877	134,437	4	8	Interest received during half-year	6,638	8	10
Rangoon-Penang cable renewals, 1884-85 and 1887	21,175	4	2	Balance transferred from Revenue Account to 31st December, 1893	107,830	10	11
Hongkong-Manila cable, portion of cost, 1880	16,071	10	0				
Singapore-Batavia cable, renewal, 1881	64,363	11	5				
Java-Australian cables, partial renewals, 1884 and 1888	41,754	17	0				
Singapore-Saigon cable, renewals, 1884-85 and 1887-88	59,677	1	11				
Victoria-Tasmania duplicate cable, 1885	31,190	5	0				
Penang-Singapore cable, renewal, 1886	53,245	3	8				
Hongkong-Saigon cable, partial renewals, 1889-90 and 1892	£15,880	19	9				
Less value of cable recovered and credited to Reserve Fund, 1893	1,271	4	8				
Western Australia cable, 1889-90	14,609	15	1				
New Zealand duplicate cable, 1890	119,898	0	5				
Madras-Penang, partial renewal, 1890-91	£91,896	1	4				
Less value of cable recovered and credited to Reserve Fund, 1893	737	15	9				
Hongkong-Tonquin, partial renewal, 1890 and 1891	34,328	1	0				
Madras-Penang duplicate cable, 1890-91	244,135	14	9				
Penang-Sumatra cable, 1891	14,924	6	5				
Singapore-Penang triplicate cable, 1892	25,974	19	4				
Shanghai-Foochow, partial renewal, 1892	5,307	13	10				
	£1,160,685	9	9				
Balance carried down	633,686	2	0				
	£633,686	2	0				
				Balance as per balance-sheet	£633,686	2	0

BALANCE-SHEET, 31ST DECEMBER, 1893.

Dr.	£	s.	d.	Cr.	£	s.	d.
To Capital—				By Capital expenditure,			
300,000 shares of				as per last account	£2,942,114	18	9
£10 each ..	£3,000,000	0	0	Add cost of convert-			
Less 50,000 shares				ing lease at Ban-			
of £10 each un-				joewangie into			
issued ..	500,000	0	0	freehold ..	78	7	1
					2,942,193	5	10
5-per-cent. Australian subsidy debentures—				Less sale of cottage			
3,208 debentures of				at Low Heads ..	250	2	6
£100 each, as per				Transferred from			
last account ..	£320,800	0	0	Australian 5-per-			
Less 353 debentures drawn 6th				cent. subsidy de-			
April, 1893, for				benture sinking			
payment 1st				fund ..	35,300	0	0
July, 1893 ..	35,300	0	0		2,906,643	3	4
				Maintenance-ships, as per last ac-			
4-per-cent. mortgage debenture stock	285,500	0	0	count ..	66,449	14	10
Reserve Funds—	320,000	0	0		2,973,092	18	2
General reserve ..	633,686	2	0	Investments on account of reserve			
Maintenance-ships' reserve ..	58,844	2	8	funds (see Abstract D) ..	541,840	4	6
Insurance reserve for maintenance-				Trustees for 5-per-cent. Australian			
ships and cables ..	67,950	4	9	subsidy debentures ..	11,430	3	0
Sinking funds—				Spare cable and other stores ..	87,215	19	8
Australian subsidy debenture sink-				Traffic and other debit balances ..	120,721	11	8
ing fund ..	24,725	3	0	Bills receivable ..	53,642	0	0
Traffic and other credit balances ..	33,636	12	7	Remittances in transit ..	12,900	0	0
Debenture interest accrued and un-				Cash at banker's and in hand ..	192,609	19	6
paid ..	5,177	15	6	Temporary investment, £50,000 2½-			
Proprietors for dividends—				per-cent. Consols, costing ..	49,500	1	0
Unclaimed dividends ..	932	17	0				
Third interim dividend of 2s. 6d.							
per share, paid 16th January,							
1894 ..	31,250	0	0				
Proposed final dividend of 2s. 6d.							
per share, payable 19th April,							
1894 ..	31,250	0	0				
Proposed bonus of 4s. per share,							
payable 19th April, 1894 ..	50,000	0	0				
	£4,042,952	17	6		£4,042,952	17	6

Audited and found correct.

HENRY DEVER, F.C.A. } Auditors.
WELTON, JONES, AND CO., }

London, 7th April, 1894.

ABSTRACT D.

LIST OF INVESTMENTS ON ACCOUNT OF RESERVE FUNDS.

Government and Miscellaneous.

£		£	s.	d.
31,000	2½-per-cent. Consols ..	Costing	31,708	17 3
2,500	Chilian Government 4½-per-cent. converted loan ..	"	2,512	10 4
14,800	Eastern Extension Australasia and China Telegraph Company (Limited) 5-per-cent. Australian Government subsidy debentures ..	"	15,288	19 1
1,500	Egyptian Government 3-per-cent. guaranteed bonds ..	"	1,429	1 0
3,500	Globe, Telegraph, and Trust Company (Limited) 6-per-cent preferential shares ..	"	5,374	13 0
5,000	Government Stock and other Securities Investment Company (Limited) 4-per-cent. debenture stock ..	"	5,200	9 10
15,000	India 3-per-cent. stock ..	"	13,859	11 3
25,000	Metropolitan Consolidated 3½-per-cent. stock ..	"	25,968	15 0
10,000	Pacific and European Telegraph Company (Limited) 4-per-cent. guaranteed debentures ..	"	10,200	0 0
2,500	Southern Mahratta Railway (Limited) 4-per-cent. debenture stock ..	"	2,703	14 8

Colonial.

9,000	Canadian Pacific Railway 5-per-cent. first mortgage debenture bonds ..	"	9,620	4 10
5,000	Cape of Good Hope Government 4-per-cent. inscribed stock (1882) ..	"	4,796	6 9
5,000	Ceylon Government 4-per-cent. inscribed stock ..	"	5,639	1 9
4,000	City of Sydney 5-per-cent. bonds ..	"	4,691	14 6
5,000	Metropolitan Gas Company of Melbourne 5-per-cent. debentures ..	"	5,563	17 6
5,000	Natal 4-per-cent. consolidated stock inscribed (1887) ..	"	4,993	14 1
10,000	New South Wales Government 4-per-cent. debentures ..	"	10,230	3 8
15,000	New South Wales Government 3½-per-cent. inscribed stock ..	"	14,429	14 8
10,000	Queensland Government 4-per-cent. debentures ..	"	10,169	2 3
15,000	Queensland Government 4-per-cent. inscribed stock ..	"	15,732	19 8
5,000	Tasmanian Government 4-per-cent. debentures ..	"	5,050	1 11
13,500	Victorian Government 4½-per-cent. debentures ..	"	14,314	5 0
5,000	Victorian Government 4-per-cent. debenture bonds ..	"	5,050	1 11

American Railways.

8,400	Baltimore and Ohio Railroad Company 6-per-cent. sterling bonds (1874) ..	"	10,420	19 9
\$45,000	Baltimore and Ohio Railroad Company 5-per-cent. bonds (1885) ..	"	10,375	17 6
\$25,000	Central Railroad Company of New Jersey 5-per-cent. general mortgage coupon gold bonds ..	"	5,726	16 0

American Railways—continued.

£ s. d.

\$10,000	Cleveland and Pittsburg Railroad Company 4½-per-cent. general mortgage gold bonds ..	"	2,295	15	0
\$50,000	Illinois Central Railroad Company 4-per-cent. Cairo Bridge gold bonds ..	"	10,075	3	0
\$25,000	New York Central and Hudson River Railroad Company 4-per-cent. gold debenture certificates of 1890 ..	"	5,256	17	6
£17,600	Pennsylvania Railroad Company 6-per-cent. consolidated mort. sinking fund bonds ..	"	21,062	1	1
\$25,000	Pittsburg, Cincinnati, Chicago, and St. Louis Railway Company 4½-per-cent. con. mort. gold bonds (series A) ..	"	5,388	9	3

Railway Debenture and Guaranteed Stocks.

£7,500	Caledonian Railway 4-per-cent. debenture stock ..	Costing	8,339	4	8
40,500	Forth Bridge Railway 4-per-cent. guaranteed debenture stock ..	"	46,548	5	1
14,562	Great Eastern Railway 4-per-cent. debenture stock ..	"	15,687	17	11
8,000	Great Eastern Railway 4-per-cent. consolidated irred. guaranteed stock ..	"	8,574	13	0
4,000	West Cornwall Railway, Great Western, Bristol and Exeter, and South Devon Railways 4½-per-cent. joint rent-charge stock ..	"	4,794	10	0
3,500	Great Western Railway 5-per-cent. consolidated guaranteed stock ..	"	5,139	17	6
10,000	Lancashire and Yorkshire Railway 4-per-cent. debenture stock ..	"	10,965	1	3
5,000	Lancashire and Yorkshire Railway 4-per-cent. consolidated guar. stock ..	"	5,516	10	0
9,750	London, Brighton, and S. C. Railway 4½-per-cent. perpl. guar. deb. stock ..	"	12,748	8	6
7,000	London, Chatham, and Dover Railway 4½-per-cent. arbit. debenture stock ..	"	8,428	17	6
9,000	London and North-western Railway 4-per-cent. consolidated guar. stock ..	"	10,099	6	3
5,312	London, Tilbury, and Southend Railway 4-per-cent. debenture stock ..	"	5,833	8	2
14,250	Manchester, Sheffield, and Lincolnshire Railway 4½-per-cent. deb. stock ..	"	17,434	5	4
19,900	Metropolitan Railway 4-per-cent. debenture stock ..	"	21,836	18	6
5,110	Metropolitan District Railway 4½-per-cent. Fulham rent-charge stock ..	"	6,009	15	1
5,000	Metropolitan District Railway, 4-per-cent. debenture stock ..	"	5,453	3	9
12,000	Metropolitan District Railway 4-per-cent. perpl. guar. stock ..	"	12,308	10	10
5,000	Midland Railway 4-per-cent. perpl. guar. pref. stock ..	"	5,503	15	7
19,333 6	North British Railway 3-per-cent. debenture stock ..	"	15,696	5	1
5,000	North E. Railway W. Hartlepool 4-per-cent. preference stock ..	"	5,466	12	6
8,000	North E. Railway 4-per-cent. con. pref. stock ..	"	8,748	6	3
5,000	North E. Railway 4-per-cent. debenture stock ..	"	5,576	12	9
			£541,840	4	6

FIVE-PER-CENT. AUSTRALIAN GOVERNMENT SUBSIDY DEBENTURES.

NUMBERS of 371 DEBENTURES of £100 each drawn on 2nd April, 1894, for Payment at Messrs. Barclay, Bevan, and Co., 54, Lombard Street, E.C., on the 2nd July, 1894.

18	497	1048	1479	2034	2535	3166	3546	3958	4299	4737	5248	5794
44	501	1066	1496	2036	2566	3170	3577	3959	4326	4738	5249	5797
54	540	1067	1498	2047	2577	3172	3583	3969	4335	4742	5252	5823
67	551	1077	1551	2105	2602	3177	3585	3998	4365	4777	5269	5830
71	583	1080	1567	2121	2641	3198	3604	4000	4388	4825	5291	5880
77	593	1117	1583	2126	2659	3204	3606	4004	4393	4837	5304	5889
89	613	1125	1586	2147	2668	3228	3611	4020	4412	4851	5315	5892
97	628	1126	1631	2155	2676	3246	3625	4025	4436	4852	5316	5966
106	646	1177	1653	2166	2677	3250	3631	4042	4437	4888	5324	5996
109	657	1181	1654	2212	2693	3285	3641	4046	4459	4897	5367	5997
142	678	1189	1673	2225	2704	3287	3646	4047	4475	4901	5420	5999
167	710	1200	1739	2243	2730	3302	3652	4062	4481	4905	5421	6012
168	716	1228	1756	2276	2799	3317	3653	4082	4485	4922	5424	6041
201	722	1245	1758	2289	2814	3320	3669	4087	4518	4976	5464	6092
213	740	1261	1780	2303	2866	3368	3681	4105	4525	5059	5483	6103
219	744	1270	1803	2305	2891	3379	3695	4137	4531	5060	5515	6109
232	750	1311	1834	2319	2900	3381	3704	4149	4545	5066	5529	6215
236	753	1313	1853	2336	2914	3384	3708	4152	4549	5069	5535	6228
276	781	1316	1855	2339	2947	3398	3713	4166	4551	5070	5551	6232
287	843	1337	1880	2358	2973	3413	3716	4190	4577	5072	5556	6240
332	894	1341	1892	2391	3002	3420	3753	4191	4583	5076	5628	6265
342	912	1352	1912	2411	3024	3431	3765	4224	4621	5101	5632	6304
344	923	1376	1921	2413	3025	3447	3801	4230	4624	5109	5661	6307
348	931	1389	1948	2450	3032	3480	3807	4232	4635	5115	5743	6311
415	951	1412	1953	2479	3035	3485	3828	4237	4640	5176	5745	6329
446	954	1428	1955	2491	3054	3497	3831	4241	4674	5194	5763	6335
451	1014	1463	1985	2514	3068	3514	3863	4268	4707	5202	5772	6372
458	1028	1465	1998	2528	3087	3533	3906	4283	4728	5204	5779	6376
464	1040	1471	2031	2531	3093	3537						

Half-year ended 30th June, 1894.

THE EASTERN EXTENSION AUSTRALASIA AND CHINA TELEGRAPH COMPANY (LIMITED).

Directors.—Sir John Pender, G.C.M.G., M.P. (Chairman), Francis Augustus Bevan, Esq., Sir Albert J. Leppoc Cappel, K.C.I.E., Charles William Earle, Esq., the Right Hon. Viscount Monck, George Garden Nicol, Esq., John Denison Pender, Esq., the Most Hon. the Marquis of Tweeddale.

Secretary.—F. E. Hesse, Esq.

Offices.—Winchester House, 50, Old Broad Street, London, E.C.

REPORT and ACCOUNTS of the DIRECTORS for the Half-year ended 30th June, 1894, to be submitted to the Forty-second Ordinary General Meeting, 31st October, 1894.

1. The usual statements of account for the half-year ended 30th June, 1894, are herewith submitted.

2. The gross receipts, including Government subsidies, have amounted during that period to £247,681 2s. 4d., against £257,986 13s. 5d. for the corresponding half-year of 1893.

3. The working expenses, including £21,295 16s. 5d. for cost of repairs to cables and expenses of ships, absorb £80,295 3s. 10d., against £78,229 19s. 3d. for the corresponding period of 1893, leaving a balance of £167,385 18s. 6d. From this is deducted £3,940 2s. 7d. for income-tax, £32,488 13s. 9d. for interest on debentures, debenture stock, contribution to sinking fund, and re-valuation of currency balances, leaving £130,957 2s. 2d. as the net profit for the half-year.

4. Two quarterly interim dividends of $1\frac{1}{4}$ per cent. each, amounting to £62,500, have been paid for the half-year under review, leaving £68,457 2s. 2d. to be carried forward.

5. The loss resulting from the third year of working, ended 30th April last, under the Australian tariff guarantee arrangement amounted to £12,384, half of which was borne by the guaranteeing Governments and the other half by the associated cable companies in terms of the agreement.

6. The laying of the company's alternative cable between Singapore and Hongkong *via* Labuan was successfully completed by the Telegraph Construction and Maintenance Company, and the line opened for traffic on the 5th May last. It has already been found a most valuable addition to the company's system.

A short length of cable has also been laid between Labuan and Borneo, so as to give direct telegraphic communication with Sandakan, the headquarters of the British North Borneo Company, when the land-line which is in course of construction by that company across North Borneo is completed.

7. Numerous cable repairs have been carried out during the half-year under review, but owing to the system being duplicated the traffic has not been affected.

JOHN PENDER, Chairman.

Winchester House, 50, Old Broad Street, London, E.C.,
20th October, 1894.

REVENUE ACCOUNT FOR THE HALF-YEAR ENDED 30TH JUNE, 1894.

Dr.	£	s.	d.	Cr.	£	s.	d.
To General expenses in London (see Abstract A)	6,759	6	2	By Message and other receipts, after deducting loss on exchange	223,550	9	10
General expenses at stations (see Abstract B)	44,665	2	10	Australian duplicate cable subsidies	16,200	0	0
Use of patents	100	0	0	Tasmanian cable subsidy	2,100	0	0
Electrician's retaining-fee	50	0	0	Tonquin cable subsidy	5,300	0	0
Directors' remuneration	2,000	0	0	Malacca cable subsidy	200	0	0
Auditors' fees	100	0	0	Macao cable subsidy	250	0	0
Staff endowment assurance	862	16	7	Transfer fees	80	12	6
Expenses in connection with Chinese negotiations, and formation of Pension Fund	212	1	7				
Staff Pension Fund	750	0	3				
Repairs to cables (see Abstract C)	21,295	16	5				
Maintenance-ships' Reserve Fund	3,500	0	0				
Income-tax	3,940	2	7				
Interest and sinking fund on account of 5-per-cent. Australian subsidy debentures	25,495	0	0				
Interest on 4-per-cent. mortgage debenture stock	6,400	0	0				
Re-valuation of currency balances at stations, &c.	593	13	9				
Balance	180,957	2	2				
	<u>£247,681</u>	<u>2</u>	<u>4</u>		<u>£247,681</u>	<u>2</u>	<u>4</u>
First interim dividend of 1894, 2s. 6d. per share, paid 16th July, 1894	31,250	0	0				
Second interim dividend of 1894, 2s. 6d. per share, paid 15th October, 1894	31,250	0	0				
Balance	68,457	2	2	By Balance	130,957	2	2
	<u>£180,957</u>	<u>2</u>	<u>2</u>		<u>£130,957</u>	<u>2</u>	<u>2</u>

ABSTRACTS RELATING TO REVENUE ACCOUNT FOR THE HALF-YEAR ENDED 30TH JUNE, 1894.

Abstract A.

STATEMENT OF GENERAL EXPENSES IN LONDON.

	£	s.	d.
Salaries, including managing director's remuneration	3,859	10	2
Wages	167	5	11
Office expenses	978	11	6
Rent, taxes, &c.	928	1	2
Stationery and printing	361	19	2
Postage, bill, and other stamps	194	2	7
Advertising	108	0	9
Legal expenses	22	4	10
Repairs and renewals to furniture, &c.	189	10	1
Per Revenue Account	<u>£6,759</u>	<u>6</u>	<u>2</u>

BALANCE-SHEET, 30TH JUNE, 1894.

Dr.			Cr.		
To Capital—	£	s. d.	By Capital expenditure	£	s. d.
300,000 shares of			as per last account	£2,906,643	3 4
£10 each ..	£3,000,000	0 0	Add cost of build-		
Less 50,000 shares			ing sanatorium		
of £10 each, un-			at Litjin, near		
issued ..	500,000	0 0	Banjoewangie ..	1,315	11 10
	2,500,000	0 0	Maintenance-ships, as per last ac-	2,907,958	15 2
5-per-cent. Australian subsidy debentures—			count ..	66,449	14 10
2,855 debentures of £100 each, as				2,974,408	10 0
per last account ..	285,500	0 0	Expenditure on account of Singapore—		
4-per-cent. mortgage debenture stock	320,000	0 0	Hongkong cable ..	286,029	16 4
	3,105,500	0 0	Investments on account of reserve		
Reserve funds—			funds (see Abstract D) ..	543,073	17 8
General reserve ..	640,989	5 10	Trustees for 5-per-cent. Australian		
Maintenance-ships' reserve ..	63,373	18 1	subsidy debentures ..	39,404	14 6
Insurance reserve for maintenance-			Spare cable and other stores ..	85,618	3 5
ships and cables ..	69,158	3 9	Traffic and other debit balances ..	124,688	11 5
Sinking fund—			Bills receivable ..	31,532	4 4
Australian subsidy debenture sink-			Remittances in transit ..	15,200	0 0
ing fund ..	43,404	14 6	Cash at banker's and in hand ..	69,804	18 10
Traffic and other credit balances ..	109,951	12 7			
Debenture interest accrued and un-					
paid ..	5,155	11 1			
Proprietors for dividends—					
Unclaimed dividends ..	1,270	8 6			
First interim dividend of 2s. 6d. per					
share, paid 16th July, 1894 ..	31,250	0 0			
Second interim dividend of 2s. 6d.					
per share, paid 15th October,	31,250	0 0			
1894 ..	68,457	2 2			
Revenue account balance ..					
	£4,169,760	16 6		£4,169,760	16 6

Audited and found correct.

London, 19th October, 1894.

 DELOITTE, DEVER, GRIFFITHS, AND CO., } Auditors.
 WELTON, JONES, AND CO., }

ABSTRACT D.

LIST OF INVESTMENTS ON ACCOUNT OF RESERVE FUNDS.

£	Government and Miscellaneous.	£	s.	d.
31,000	2½-per-cent. Consols ..	31,708	17	3
2,500	Chilian Government 4½-per-cent. converted loan ..	2,512	10	4
16,000	Eastern Extension Australasia and China Telegraph Company (Limited)			
	5-per-cent. Australian Government subsidy debentures ..	16,522	12	3
1,500	Egyptian Government 3-per-cent. guaranteed bonds ..	1,429	1	0
3,500	Globe Telegraph and Trust Company (Limited) 6-per-cent. preference shares ..	5,374	13	0
5,000	Government Stock and other Securities Investment Company (Limited)			
	4-per-cent. debenture stock ..	5,200	9	10
15,000	India 3-per-cent. stock ..	13,859	11	3
25,000	Metropolitan Consolidated 3½-per-cent. stock ..	25,968	15	0
10,000	Pacific and European Telegraph Company (Limited) 4-per-cent. guaranteed			
	debentures ..	10,200	0	0
2,500	Southern Mahratta Railway (Limited) 4-per-cent. debenture stock ..	2,703	14	8
Colonial.				
9,000	Canadian Pacific Railway 5 per-cent. first mortgage debenture bonds ..	9,620	4	10
5,000	Cape of Good Hope Government 4-per-cent. inscribed stock (1882) ..	4,796	6	9
5,000	Ceylon Government 4-per-cent. inscribed stock ..	5,639	1	9
4,000	City of Sydney 5-per-cent. bonds ..	4,691	14	6
5,000	Metropolitan Gas Company of Melbourne 5-per-cent. debentures ..	5,563	17	6
5,000	Natal 4-per-cent. consolidated stock inscribed (1887) ..	4,993	14	1
10,000	New South Wales Government 4-per-cent. debentures ..	10,230	3	8
15,000	New South Wales Government 3½-per-cent. inscribed stock ..	14,429	14	8
10,000	Queensland Government 4-per-cent. debentures ..	10,169	2	3
15,000	Queensland Government 4-per-cent. inscribed stock ..	15,732	19	8
5,000	Tasmanian Government 4-per-cent. debentures ..	5,050	1	11
13,500	Victorian Government 4½-per-cent. debentures ..	14,314	5	0
5,000	Victorian Government 4-per-cent. debenture bonds ..	5,050	1	11

American Railways.

			£	s.	d.
8,400	Baltimore and Ohio Railroad Company 6-per-cent. sterling bonds (1874) ..	Costing	10,420	19	9
\$45,000	Baltimore and Ohio Railroad Company 5-per-cent. bonds (1885) ..	"	10,375	17	6
\$25,000	Central Railroad Company of N. Jersey 5-per-cent. gen. mort. coupon gold bonds ..	"	5,726	16	0
\$10,000	Cleveland and Pittsburg Railroad Company 4½-per-cent. gen. mort. gold bonds ..	"	2,295	15	0
\$50,000	Illinois Central Railroad Company 4-per-cent. Cairo Bridge gold bonds ..	"	10,075	3	0
\$25,000	New York Central and Hudson River Railroad Company 4-per-cent. gold debenture certificates of 1890 ..	"	5,256	17	6
£17,600	Pennsylvania Railroad Company 6-per-cent. consolidated mort. sinking fund bonds ..	"	21,062	1	1
\$25,000	Pittsburg, Cincinnati, Chicago, and St. Louis Railway Company 4½-per-cent. con. mort. gold bonds (series A) ..	"	5,388	9	3

Railway Debenture and Guaranteed Stocks.

£7,500	Caledonian Railway 4-per-cent. debenture stock ..	Costing	8,339	4	8
40,500	Forth Bridge Railway 4-per-cent. guaranteed debenture stock ..	"	46,548	5	1
14,562	Great Eastern Railway 4-per-cent. debenture stock ..	"	15,687	17	11
8,000	Great Eastern Railway 4-per-cent. consolidated irre. guaranteed stock ..	"	8,574	13	0
4,000	West Cornwall Railway, Great Western, Bristol and Exeter and South Devon Railways 4½-per-cent. joint rent-charge stock ..	"	4,794	10	0
3,500	Great Western Railway 5-per-cent. consolidated guaranteed stock ..	"	5,139	17	6
10,000	Lancashire and Yorkshire Railway 4-per-cent. debenture stock ..	"	10,965	1	3
5,000	Lancashire and Yorkshire Railway 4-per-cent. consolidated guar. stock ..	"	5,516	10	0
9,750	London, Brighton, and S.C. Railway 4½-per-cent. perl. guar. deb. stock ..	"	12,748	8	6
7,000	London, Chatham, and Dover Railway 4½-per-cent. arbit. debenture stock ..	"	8,428	17	6
9,000	London and North-western Railway 4-per-cent. consolidated guar. stock ..	"	10,099	6	3
5,312	London, Tilbury, and Southend Railway 4-per-cent. debenture stock ..	"	5,833	8	2
14,250	Manchester, Sheffield, and Lincolnshire Railway 4½-per-cent. deb. stock ..	"	17,434	5	4
19,900	Metropolitan Railway 4-per-cent. debenture stock ..	"	21,836	18	6
5,110	Metropolitan District Railway 4½-per-cent. Fulham rent-charge stock ..	"	6,009	15	1
5,000	Metropolitan District Railway 4-per-cent. debenture stock ..	"	5,453	3	9
12,000	Metropolitan District Railway 4-per-cent. perl. guar. stock ..	"	12,308	10	10
5,000	Midland Railway 4-per-cent. perl. guar. pref. stock ..	"	5,503	15	7
19,333 6 8	North British Railway 3-per-cent. debenture stock ..	"	15,696	5	1
5,000	North E. Railway W. Hartlepool 4-per-cent. preference stock ..	"	5,466	12	6
8,000	North E. Railway 4-per-cent. con. pref. stock ..	"	8,748	6	3
5,000	North E. Railway 4-per-cent. debenture stock ..	"	5,576	12	9
			£543,073	17	8

FIVE-PER-CENT. AUSTRALIAN GOVERNMENT SUBSIDY DEBENTURES.

NUMBERS of 371 DEBENTURES of £100 each drawn on 2nd April, 1894, for Payment at Messrs. Barclay, Bevan, and Co., 54, Lombard Street, E.C., on the 2nd July, 1894.

18	497	1048	1479	2034	2535	3166	3546	3959	4326	4738	5249	5797
44	501	1066	1496	2036	2566	3170	3577	3969	4335	4742	5252	5823
54	540	1067	1498	2047	2577	3172	3583	3998	4365	4777	5269	5830
67	551	1077	1551	2105	2602	3177	3585	4000	4388	4825	5291	5880
71	583	1080	1567	2121	2641	3198	3604	4004	4393	4837	5304	5889
77	593	1117	1583	2126	2659	3204	3606	4020	4412	4851	5315	5892
89	613	1125	1586	2147	2668	3228	3611	4025	4436	4852	5316	5966
97	628	1126	1631	2155	2676	3246	3625	4042	4437	4888	5324	5996
106	646	1177	1653	2166	2677	3250	3631	4046	4459	4897	5367	5997
109	657	1181	1654	2212	2693	3285	3641	4047	4475	4901	5420	5999
142	678	1189	1673	2225	2704	3287	3646	4062	4481	4905	5421	6012
167	710	1200	1739	2243	2730	3302	3652	4082	4485	4922	5424	6041
168	716	1223	1756	2276	2799	3317	3653	4087	4518	4976	5464	6092
201	722	1245	1758	2289	2814	3320	3669	4105	4525	5059	5483	6103
213	740	1261	1780	2303	2836	3368	3681	4137	4531	5060	5515	6109
219	744	1270	1803	2305	2891	3379	3695	4149	4545	5066	5529	6215
232	750	1311	1834	2319	2900	3381	3704	4152	4549	5069	5535	6228
236	753	1313	1853	2336	2914	3384	3708	4166	4551	5070	5551	6232
276	781	1316	1855	2339	2947	3398	3713	4190	4577	5072	5556	6240
287	843	1337	1880	2358	2973	3413	3716	4191	4583	5076	5528	6265
332	894	1341	1892	2391	3002	3420	3753	4224	4621	5101	5632	6304
342	912	1352	1912	2411	3024	3431	3765	4230	4624	5109	5661	6307
344	923	1376	1921	2413	3025	3447	3801	4232	4635	5115	5743	6311
348	931	1389	1948	2450	3032	3480	3807	4237	4640	5176	5745	6329
415	951	1412	1953	2479	3035	3485	3823	4241	4674	5194	5763	6335
446	954	1423	1955	2491	3054	3497	3831	4268	4707	5202	5772	6372
451	1014	1463	1985	2514	3068	3514	3863	4283	4728	5204	5779	6376
458	1028	1465	1998	2528	3087	3533	3906	4299	4737	5248	5794	
464	1040	1471	2031	2531	3093	3537	3958					

Half-year ended 31st December, 1894.

THE EASTERN EXTENSION AUSTRALASIA AND CHINA TELEGRAPH COMPANY (LIMITED).

Directors.—Sir John Pender, G.C.M.G., M.P. (Chairman), Francis Augustus Bevan, Esq., Sir Albert J. Leppoc Cappel, K.C.I.E., Charles William Earle, Esq., George Garden Nicol, Esq., John Denison Pender, Esq., the Most Hon. the Marquis of Tweeddale.

Secretary.—F. E. Hesse, Esq.

Offices.—Winchester House, 50, Old Broad Street, London, E.C.

REPORT and ACCOUNTS of the DIRECTORS for the Half-year ended 31st December, 1894, to be submitted to the Forty-third Ordinary General Meeting, 1st May, 1895.

1. The usual statements of account for the half-year ended 31st December, 1894, are submitted herewith.

2. The gross receipts, including Government subsidies, have amounted during the half-year to £261,322 14s. 6d., against £251,698 10s. 6d. for the corresponding period of 1893.

3. The working and other expenses, including £29,791 6s. 8d. for cost of repairs to cables and expenses of ships, absorb £89,740 14s. 9d., against £76,574 15s. 6d. for the corresponding period of 1893, leaving a balance of £171,581 19s. 9d. From this are deducted £4,584 17s. 2d. for income-tax, £31,895 for interest on debentures, debenture stock, and contribution to sinking fund, and £1,372 9s. for celebrating the company's twenty-fifth anniversary, leaving as the net profit for the half-year £133,729 13s. 7d., which, with £68,457 2s. 2d. brought forward from the previous half-year, shows an available balance of £202,186 15s. 9d.

4. One quarterly interim dividend of $1\frac{1}{4}$ per cent. has been paid for the half-year, and it is now proposed to distribute another of like amount on the 2nd proximo, making, with the interim dividends paid for the first half-year, a total dividend of 5 per cent. It is also proposed to pay a bonus of 4s. per share, or 2 per cent., making a total distribution of 7 per cent. for the year 1894. The balance of £89,686 15s. 9d. has been carried to the General Reserve Fund, which, after being credited with interest received during the half-year and profit on sale of investments, and debited with £100,000, part cost of the new Singapore-Hongkong cable, now stands at £641,598 13s. 3d.

5. In accordance with the provisions of the trust deed dated 10th May, 1879, 389 of the company's 5-per-cent. Australian Government subsidy debentures, amounting to £38,900, were drawn by lot on the 1st instant for payment at par on the 1st July next. The numbers of the drawn debentures are given at the end of this report.

6. Your directors regret to have to record the death, on the 29th November last, of their esteemed colleague the Right Hon. Viscount Monck, who had been associated with the company from its inception. It is not proposed to fill the vacancy in the directorate thus occasioned.

7. The company's maintenance-ships have, as usual, been employed on various cable repairs during the half-year under review, as shown in Abstract C, but owing to most of the cables being duplicated the revenue has in no instance been materially affected.

8. Since the close of the half-year, an Intercolonial Postal and Telegraph Conference has been held at Hobart, at which the contemplated withdrawal by the Government of Victoria from the tariff guarantees entered into with the company were discussed, with the result that it was decided to continue the same, with certain modifications, for a fixed period of at least five years from the 1st May next.

9. In accordance with the articles of association, Charles William Earle, Esq., and George Garden Nicol, Esq., retire by rotation, and, being eligible, offer themselves for re-election.

10. The retiring auditors, Messrs. Deloitte, Dever, Griffiths, and Co., and Messrs. Welton, Jones, and Co., also offer themselves for re-election.

JOHN PENDER, Chairman.

Winchester House, 50, Old Broad Street, London, E.C.,
22nd April, 1895.

REVENUE ACCOUNT FOR THE HALF-YEAR ENDED 31ST DECEMBER, 1894.

Dr.	£	s.	d.	Cr.	£	s.	d.
To General expenses in London (see Abstract A)	6,779	4	3	By Message and other receipts, after deducting loss on exchange ..	237,440	0	4
General expenses at stations (see Abstract B)	45,000	16	4	Australian duplicate cable subsidies ..	16,200	0	0
Use of patents	100	0	0	Tasmanian cable subsidy ..	2,100	0	0
Electrician's retaining-fee	50	0	0	Tonquin cable subsidy ..	5,800	0	0
Directors' remuneration	2,000	0	0	Malacca cable subsidy ..	200	0	0
Auditors' fees	100	0	0	Macao cable subsidy ..	10	19	2
Staff endowment assurance	847	12	9	Transfer fees	71	15	0
Staff Pension Fund	767	4	8				
Expenses in connection with Australian and Chinese negotiations, and Pension Fund	229	4	9				
Repairs to cables (see Abstract C) ..	29,791	6	8				
Maintenance-ships' Reserve Fund ..	3,500	0	0				
Revaluation of currency balances at stations, &c.	575	5	4				
Income-tax	4,584	17	2				
Interest and sinking fund on account of 5-per-cent. Australian subsidy debentures	25,495	0	0				
Interest on 4-per-cent. mortgage debenture stock	6,400	0	0				
Twenty-fifth anniversary commemoration	1,372	9	0				
Balance	133,729	13	7				
	<u>£261,322</u>	<u>14</u>	<u>6</u>				
Third interim dividend of 1894, 2s. 6d. per share, paid 16th January, 1895 ..	31,250	0	0				
Proposed final dividend of 2s. 6d. per share for 1894, payable 2nd May, 1895	31,250	0	0				
Proposed bonus of 4s. per share, payable 2nd May, 1895	50,000	0	0	By Balance down	133,729	13	7
Balance to General Reserve Fund ..	89,686	15	9	Balance of revenue, 30th June, 1894 ..	68,457	2	2
	<u>£202,186</u>	<u>15</u>	<u>9</u>		<u>£202,186</u>	<u>15</u>	<u>9</u>

ABSTRACTS RELATING TO REVENUE ACCOUNT FOR THE HALF-YEAR ENDED 31ST DECEMBER, 1894.

Abstract A.

STATEMENT OF GENERAL EXPENSES IN LONDON.

	£	s.	d.
Salaries, including managing director's remuneration	3,805	0	4
Wages	184	3	8
Office expenses	913	10	9
Rent, taxes, &c.	950	5	6
Stationery and printing	277	8	11
Postage, bill, and other stamps	197	1	3
Advertising	118	8	0
Legal expenses	14	3	0
Repairs and renewals to furniture, &c.	319	2	10
Per Revenue Account	<u>£6,779</u>	<u>4</u>	<u>3</u>

Abstract B.

STATEMENT OF GENERAL EXPENSES AT STATIONS.

	£	s.	d.
Salaries and wages	29,590	13	5
Travelling expenses	1,283	6	4
Rent, taxes, house-allowances	5,133	9	4
Expenses of electric-lighting at stations	1,910	12	0
Provision- and ration-allowances	861	0	10
Maintenance and renewals of instruments and electrical apparatus ..	531	18	7
Expenses of land-lines	167	19	3
Repairs and renewals of furniture, fittings, &c.	1,053	0	10
Repairs to buildings	1,426	1	5
Insurances at stations	275	14	4
Stationery and printing	181	4	6
Office and message postages	199	7	8
Office and petty expenses	572	11	11
Medical attendance	585	1	2
Service messages	87	8	0
Expenses of Porthcurno School	250	0	0
Foreign agencies	220	16	8
Advertising at stations	5	4	10
Messengers' uniforms	39	19	3
Income-tax at stations	125	6	0
Guarantee of staff and bank balances abroad	500	0	0
Per Revenue Account	<u>£45,000</u>	<u>16</u>	<u>4</u>

Abstract C.

EXPENSES ATTENDING MAINTENANCE OF CABLES.

Expenses of s.s. "Sherard Osborn," effecting numerous repairs, aggregating fifty days	£2,671	3	11	£	s.	d.
Expenses of s.s. "Sherard Osborn" during remainder of six months	5,447	8	8			
					8,118	12 7
Expenses of s.s. "Recorder," effecting numerous repairs, aggregating 126 days	£6,286	9	2			
Expenses of s.s. "Recorder" during remainder of six months	2,074	1	5			
					8,360	10 7
Cable expended on repairs and sundry expenses of stations after deducting value of picked-up cable					6,405	10 5
Insurance of cable					2,316	12 7
Expenses of cable depot at Singapore					1,383	9 3
Agreed charge for call of Great Northern Company's maintenance-ship for repair of cables in the China seas					1,000	0 0
Depreciation of cable and other stores					2,206	11 3
Per Revenue Account					£29,791	6 8

GENERAL RESERVE FUND, 31ST DECEMBER, 1894.

Dr.	£	s.	d.	Cr.	£	s.	d.
To Part cost of Singapore-Hongkong cable 100,000 0 0				By Balance of Reserve Fund at 30th June, 1894	640,989	5	10
The following amounts for new cables and cable renewals have from time to time been charged against the Reserve and Revenue Accounts:—				Interest received during half-year	7,177	9	8
Rangoon-Penang cable, 1877	£134,437	4	8	Profit on sale of Reserve Fund investments	3,745	2	0
Rangoon-Penang cable renewals, 1884-85 and 1887	21,175	4	2	Balance transferred from Revenue Account	89,686	15	9
Hongkong-Manila cable, portion of cost, 1880	16,071	10	0				
Singapore-Batavia cable, renewal, 1881	64,363	11	5				
Java-Australian cables, partial renewals, 1884 and 1888	41,754	17	0				
Singapore-Saigon cable, renewals, 1884-85 and 1887-88	59,677	1	11				
Victoria-Tasmania duplicate cable, 1885	31,190	5	0				
Penang-Singapore cable, renewal, 1886	53,245	3	8				
Hongkong-Saigon cable, partial renewals, 1889-90 and 1892, £15,880 19s. 9d. Less value of cable recovered and credited to Reserve Fund, 1893, £1,271 4s. 8d.	14,609	15	1				
Western Australia cable, 1889-90	119,898	0	5				
New Zealand duplicate cable, 1890	188,433	15	6				
Madras-Penang, partial renewal, 1890-91, £91,896 1s. 4d. Less value of cable recovered and credited to Reserve Fund, 1893, £737 15s. 9d.	91,158	5	7				
Hongkong-Tonquin partial renewal, 1890 and 1891	34,328	1	0				
Madras-Penang duplicate cable, 1890-91	244,135	14	9				
Penang-Sumatra cable, 1891	14,924	6	5				
Singapore-Penang triplicate cable, 1892	25,974	19	4				
Shanghai-Foochow, partial renewal, 1892	5,307	13	10				
Singapore-Hongkong cable, 1894	100,000	0	0				
	£1,260,685	9	9				
To Balance carried down							
					£741,598	13	3
					£741,598	13	3
				Balance as per balance-sheet	£641,598	13	3

BALANCE-SHEET, 31ST DECEMBER, 1894.

Dr.	£	s.	d.	Cr.	£	s.	d.
To Capital—				By Capital expenditure,			
300,000 shares of				as per last account	£2,907,958	15	2
£10 each ..	£3,000,000	0	0	Add cost of land at			
Less 50,000 shares				Sharp Peak and			
of £10 each, un-				confirming free-			
issued ..	500,000	0	0	hold at Litjin ..	55	2	7
	2,500,000	0	0		2,908,013	17	9
5-per-cent. Australian subsidy debentures—				Less transferred			
2,855 debentures of				from Australian			
£100 each, as per				5-per-cent. sub-			
last account ..	£285,500	0	0	sidy debenture			
Less 371 debentures drawn 2nd				sinking fund ..	37,100	0	0
April, 1894, for					2,870,913	17	9
payment 2nd				Maintenance-ships, as per last ac-			
July, 1894 ..	37,100	0	0	count ..	66,449	14	10
	248,400	0	0		2,937,363	12	7
4-per-cent. mortgage debenture stock	320,000	0	0	Balance of expenditure on account of			
	3,068,400	0	0	the new Singapore-Hongkong cable	186,043	14	1
Reserve funds—				Investments on account of reserve			
General reserve ..	641,598	13	3	funds (see Abstract D) ..	554,796	3	11
Maintenance-ships' reserve ..	67,982	18	11	Trustees for 5-per-cent. Australian			
Insurance reserve for maintenance-				subsidy debentures ..	12,531	0	8
ships and cables ..	75,965	5	10	Spare cable and other stores ..	82,247	5	11
Sinking fund—				Traffic and other debit balances ..	111,551	12	7
Australian subsidy debenture sink-				Bills receivable ..	44,210	0	0
ing fund ..	25,826	0	8	Remittances in transit ..	12,100	0	0
Traffic and other credit balances ..	97,550	18	10	Cash at banker's and in hand ..	155,152	7	4
Debenture interest accrued and un-							
paid ..	5,155	11	1				
Proprietors for dividends—							
Unclaimed dividends ..	1,016	8	6				
Third interim dividend of 2s. 6d. per							
share, paid 16th January, 1895 ..	31,250	0	0				
Proposed final dividend of 2s. 6d. per							
share, payable 2nd May, 1895 ..	31,250	0	0				
Proposed bonus of 4s. per share, pay-							
able 2nd May, 1895 ..	50,000	0	0				
	£4,095,995	17	1		£4,095,995	17	1

Audited and found correct.

 DELOITTE, DEVER, GRIFFITHS, AND CO., } Auditors.
 WELTON, JONES, AND CO., }

London, 17th April, 1895.

ABSTRACT D.

LIST OF INVESTMENTS ON ACCOUNT OF RESERVE FUNDS.

£	Government and Miscellaneous.	£	s.	d.
31,000	2½-per-cent. Consols	Costing	31,708	17 3
2,500	Chilian Government 4½-per-cent. converted loan	"	2,512	10 4
14,500	Eastern Extension Australasia and China Telegraph Company (Limited)			
	5-per-cent. Australian Government subsidy debentures	"	14,973	12 5
1,500	Egyptian Government 3-per-cent. guaranteed bonds	"	1,429	1 0
3,500	Globe Tel. and Trust Company (Limited) 6-per-cent. preference shares	"	5,374	13 0
5,000	Government Stock and other Securities Investment Company (Limited)			
	4-per-cent. debenture stock	"	5,200	9 10
15,000	India 3-per-cent. stock	"	13,859	11 3
25,000	Metropolitan Consolidated 3½-per-cent. stock	"	25,968	15 0
10,000	Pacific and European Telegraph Company (Limited) 4-per-cent. guaranteed			
	debentures	"	10,200	0 0
2,500	Southern Mahratta Railway (Limited) 4-per-cent. debenture stock	"	2,703	14 8
Colonial.				
10,000	Canadian 3-per-cent. inscribed stock (1888)	Costing	9,962	7 10
9,000	Canadian Pacific Railway 5-per-cent. first mortgage debenture bonds (1915)	"	9,620	4 10
5,000	Cape of Good Hope Government 4-per-cent. inscribed stock 1882 (1923)	"	4,796	6 9
5,000	Ceylon Government 4-per-cent. inscribed stock (1934)	"	5,639	1 9
4,000	City of Sydney 5-per-cent. bonds (1904)	"	4,691	14 6
5,000	Metropolitan Gas Company of Melbourne 5-per-cent. debentures (1910-1912)	"	5,563	17 6
5,000	Natal 4-per-cent. consolidated stock, inscribed 1887 (1937)	"	4,993	14 1
5,000	Natal 3½-per-cent. inscribed stock (1914-1939)	"	5,313	6 0
10,000	New South Wales Government 4-per-cent. debentures (1908-1910)	"	10,230	3 8
15,000	New South Wales Government 3½-per-cent. inscribed stock (1924)	"	14,429	14 8
5,000	New South Wales Government 4-per-cent. inscribed stock (1933)	"	5,394	15 1
10,000	Queensland Government 4-per-cent. debentures (1913-1915)	"	10,169	2 3
15,000	Queensland Government 4-per-cent. inscribed stock (1924)	"	15,732	19 8
10,000	South Australian 3½-per-cent. inscribed stock (1939)	"	10,035	2 6
5,000	Tasmanian Government 4-per-cent. debentures (1914)	"	5,050	1 11
13,500	Victorian Government 4½-per-cent. debentures (1904)	"	14,314	5 0
5,000	Victorian Government 4-per-cent. debenture bonds (1907)	"	5,050	1 11

American Railways.

			£	s.	d.
8,400	Baltimore and Ohio Railroad Company 6-per-cent. sterling bonds 1874 (1910)	Costing	10,420	19	9
\$45,000	Baltimore and Ohio Railroad Company 5-per-cent. bonds 1885 (1925)	"	10,375	17	6
\$25,000	Central Railroad Company of New Jersey 5-per-cent. general mortgage coupon gold bonds (1937)	"	5,726	16	0
\$10,000	Cleveland and Pittsburgh Railroad Company 4½-per-cent. general mortgage gold bonds (1942)	"	2,295	15	0
\$50,000	Illinois Central Railroad Company 4-per-cent. Cairo Bridge gold bonds (1950)	"	10,075	3	0
\$25,000	New York Central and Hudson River Railroad Company 4-per-cent. gold debenture certificates of 1890 (1905)	"	5,256	17	6
\$17,600	Pennsylvania Railroad Company 6-per-cent. consolidated mortgage sinking fund bonds (1905)	"	21,062	1	1
\$25,000	Pittsburg, Cincinnati, Chicago, and St. Louis Railway Company 4½-per-cent. consolidated mortgage gold bonds (Series A), (1940)	"	5,388	9	3

Railway Debenture and Guaranteed Stocks.

7,500	Caledonian Railway 4-per-cent. debenture stock	Costing	8,339	4	8
40,500	Forth Bridge Railway 4-per-cent. guaranteed debenture stock	"	46,548	5	1
14,562	Great Eastern Railway 4-per-cent. debenture stock	"	15,687	17	11
8,000	Great Eastern Railway 4-per-cent. consolidated irred. guaranteed stock	"	8,574	13	0
4,000	West Cornwall Railway, Great Western, Bristol and Exeter, and South Devon Railways 4½-per-cent. joint rent-charge stock	"	4,794	10	0
3,500	Great Western Railway 5-per-cent. consolidated guaranteed stock	"	5,139	17	6
10,000	Lancashire and Yorkshire Railway 4-per-cent. debenture stock	"	10,965	11	3
5,000	Lancashire and Yorkshire Railway 4-per-cent. consolidated guar. stock	"	5,516	10	0
9,750	London, Brighton, and S. C. Railway 4½-per-cent. perpl. guar. debent. stock	"	12,748	8	6
7,000	London, Chatham, and Dover Railway 4½-per-cent. arbit. debenture stock	"	8,428	17	6
9,000	London and North-western Railway 4-per-cent. consolidated guar. stock	"	10,099	6	3
5,312	London, Tilbury, and Southend Railway 4-per-cent. debenture stock	"	5,833	8	2
19,900	Metropolitan Railway 4-per-cent. debenture stock	"	21,836	18	6
5,110	Metropolitan District Railway 4½-per-cent. Fulham rent-charge stock	"	6,009	15	1
5,000	Metropolitan District Railway 4-per-cent. debenture stock	"	5,453	8	9
12,000	Metropolitan District Railway 4-per-cent. perpl. guaranteed stock	"	12,308	10	10
5,000	Midland Railway 4-per-cent. perpl. guaranteed pref. stock	"	5,503	15	7
19,333	6/8 North British Railway 3-per-cent. debenture stock	"	15,696	5	1
5,000	North E. Railway W. Hartlepool 4-per-cent. preference stock	"	5,466	12	6
8,000	North E. Railway 4-per-cent. consolidated preference stock	"	8,748	6	3
5,000	North E. Railway 4 per-cent. debenture stock	"	5,576	12	9

£554,796 3 11

FIVE-PER-CENT. AUSTRALIAN GOVERNMENT SUBSIDY DEBENTURES.

NUMBERS of 389 DEBENTURES of £100 each drawn on 1st April, 1895, for Payment at Messrs. Barclay, Bevan, and Co., 54, Lombard Street, E.C., on the 1st July, 1895.

4	510	949	1614	2071	2480	2858	3319	3812	4274	4951	5433	5964
43	518	973	1624	2093	2489	2868	3324	3821	4337	4962	5444	5981
92	536	975	1625	2109	2506	2877	3376	3829	4392	4963	5446	5985
107	539	997	1641	2117	2516	2879	3386	3843	4401	4965	5476	5989
111	547	1086	1648	2123	2523	2887	3404	3857	4416	4967	5522	6046
127	569	1090	1661	2127	2550	2961	3430	3889	4418	5015	5611	6051
128	615	1111	1672	2159	2554	3010	3434	3913	4426	5019	5654	6061
148	624	1127	1686	2161	2568	3011	3438	3924	4431	5025	5657	6065
157	645	1129	1697	2186	2572	3015	3470	3951	4462	5027	5675	6081
161	666	1156	1710	2192	2583	3022	3491	3953	4478	5032	5703	6120
188	687	1188	1730	2196	2593	3047	3512	3972	4480	5049	5704	6132
224	702	1214	1764	2209	2599	3049	3516	3982	4506	5058	5713	6136
227	720	1222	1777	2213	2624	3055	3536	4016	4517	5082	5718	6139
233	726	1224	1804	2266	2646	3061	3551	4027	4539	5086	5726	6157
252	756	1234	1824	2273	2662	3110	3558	4051	4553	5113	5729	6163
266	766	1235	1825	2274	2670	3154	3559	4069	4574	5116	5734	6173
275	787	1254	1842	2275	2675	3182	3569	4083	4664	5150	5735	6185
298	830	1267	1871	2294	2687	3185	3573	4084	4671	5157	5762	6209
308	835	1269	1882	2302	2694	3187	3589	4101	4672	5175	5768	6242
343	841	1333	1883	2318	2706	3197	3624	4113	4714	5217	5774	6251
354	854	1334	1903	2332	2731	3202	3649	4128	4721	5251	5829	6281
357	857	1372	1922	2352	2733	3211	3673	4136	4736	5270	5842	6289
363	868	1377	1931	2359	2737	3241	3688	4151	4780	5276	5849	6290
373	869	1382	1978	2365	2742	3251	3697	4157	4788	5296	5854	6312
410	876	1386	1995	2386	2746	3262	3710	4181	4790	5299	5893	6342
421	898	1455	2000	2401	2756	3281	3723	4192	4846	5305	5908	6374
425	900	1458	2013	2403	2758	3288	3758	4200	4850	5311	5912	6378
440	907	1494	2035	2434	2771	3311	3761	4218	4898	5335	5924	6390
454	938	1532	2039	2451	2784	3312	3792	4247	4906	5337	5938	6395
509	943	1569	2057	2474	2796	3316	3809	4255	4931	5342	5961	

Half-year ended 30th June, 1895.

THE EASTERN EXTENSION AUSTRALASIA AND CHINA TELEGRAPH COMPANY (LIMITED).

Directors.—Sir John Pender, G.C.M.G., M.P. (Chairman), Francis Augustus Bevan, Esq., Sir Albert J. Leppoc Cappel, K.C.I.E., Charles William Earle, Esq., George Garden Nicol, Esq., John Denison Pender, Esq., the Most Hon. the Marquis of Tweeddale.

Secretary.—F. E. Hesse, Esq.

Offices.—Winchester House, 50, Old Broad Street, London, E.C.

REPORT and ACCOUNTS of the DIRECTORS for the half-year ended 30th June, 1895, to be submitted to the Forty-fourth Ordinary General Meeting, 30th October, 1895.

1. THE usual statements of account for the half-year ended 30th June, 1895, are herewith submitted.

2. The gross receipts, including Government subsidies, have amounted during that period to £264,138 10s. 5d., against £247,681 2s. 4d. for the corresponding half-year of 1894.

3. The working expenses, including £26,323 19s. 7d. for cost of repairs to cables and expenses of ships, absorb £95,254 14s., against £80,295 3s. 10d. for the corresponding period of 1894, leaving a balance of £168,883 16s. 5d. From this is deducted £3,984 3s. 2d. for income-tax, £31,895 for interest on debentures, debenture stock, and contribution to sinking fund, leaving £133,004 13s. 3d. as the net profit for the half-year.

4. Two quarterly interim dividends of $1\frac{1}{2}$ per cent. each, amounting to £62,500, have been paid for the half-year under review, leaving £70,504 13s. 3d. to be carried forward.

5. The working of the Australasian tariff arrangement for the fourth year of guarantee, ended 30th April last, resulted in the guaranteed figure being slightly exceeded owing to the exceptionally heavy gold-mining traffic that was exchanged with Australasia during the latter part of the year.

6. The maintenance-ships have, as usual, been kept employed during the half-year under review on the various sections of the Company's cables, but owing to the cables being duplicated the traffic has in no instance been interrupted.

JOHN PENDER, Chairman.

Winchester House, 50, Old Broad Street, London, E.C.,
21st October, 1895.

REVENUE ACCOUNT FOR THE HALF-YEAR ENDED 30TH JUNE, 1895.

Dr.	£	s.	d.	Cr.	£	s.	d.
To General expenses in London (see Abstract A)	7,291	15	4	By Message and other receipts, after deducting loss on exchange	240,266	12	11
General expenses at stations (see Abstract B)	50,191	4	1	Australian duplicate cable subsidies	16,200	0	0
Use of patents	100	0	0	Tasmanian cable subsidy	2,100	0	0
Electrician's retaining-fee	50	0	0	Tonquin cable subsidy	5,800	0	0
Directors' remuneration	2,000	0	0	Malacca cable subsidy	200	0	0
Auditors' fees	100	0	0	Transfer fees	71	17	6
Staff endowment assurance	831	15	10				
Staff pension fund	787	7	9				
Expenses in connection with Chinese, Australian, and Spanish negotiations, and pension fund	1,078	11	5				
Repairs to cables (see Abstract C)	29,323	19	7				
Maintenance-ships' Reserve Fund	3,500	0	0				
Income-tax	3,984	3	2				
Interest and sinking fund on account of 5-per-cent. Australian subsidy debentures	25,495	0	0				
Interest on 4-per-cent. mortgage debenture stock	6,400	0	0				
Balance	133,004	13	3				
	<u>£264,138</u>	<u>10</u>	<u>5</u>				
First interim dividend of 1895, 2s. 6d. per share, paid 15th July, 1895	31,250	0	0				
Second interim dividend of 1895, 2s. 6d. per share, paid 15th October, 1896	31,250	0	0				
Balance	70,504	13	3	By Balance down	133,004	13	3
	<u>£133,004</u>	<u>13</u>	<u>3</u>		<u>£133,004</u>	<u>13</u>	<u>3</u>

ABSTRACTS RELATING TO REVENUE ACCOUNT FOR THE HALF-YEAR ENDED 30TH JUNE, 1895.

Abstract A.

STATEMENT OF GENERAL EXPENSES IN LONDON.

	£	s.	d.
Salaries, including managing director's remuneration	3,981	15	3
Wages	207	10	9
Office expenses	1,032	8	10
Rent, taxes, &c.	1,022	2	1
Stationery and printing	205	19	5
Postage, bill, and other stamps	273	18	4
Legal expenses	58	8	3
Repairs and renewals to furniture	327	19	7
	<u>£7,291</u>	<u>15</u>	<u>4</u>

Abstract B.

STATEMENT OF GENERAL EXPENSES AT STATIONS.						£	s.	d.
Salaries and wages	..	..	..	..	..	30,108	10	10
Travelling-expenses	..	..	..	..	..	2,388	10	5
Rent, taxes, house-allowances	..	..	..	..	..	5,089	7	4
Expenses of electric-lighting at stations	..	..	..	..	..	1,218	10	7
Provision- and ration-allowances	..	..	..	..	..	812	0	4
Maintenance and renewals of instruments and electrical apparatus	..	..	..	..	..	1,466	10	3
Expenses of land-lines	..	..	..	..	..	69	17	0
Repairs and renewals of furniture, fittings, &c.	..	..	..	..	..	2,153	11	9
Repairs to buildings	..	..	..	..	..	2,018	10	0
Insurances at stations	..	..	..	..	..	349	3	4
Stationery and printing	..	..	..	..	..	1,998	14	2
Office and message postages	..	..	..	..	..	196	19	11
Office and petty expenses	..	..	..	..	..	670	10	10
Medical attendance	..	..	..	..	..	439	6	6
Service messages	..	..	..	..	..	43	6	0
Expenses of Porthcurno School	..	..	..	..	..	250	0	0
Foreign agencies	..	..	..	..	..	220	16	8
Advertising at stations	..	..	..	..	..	8	17	7
Messengers' uniforms	..	..	..	..	..	62	13	2
Income-tax at stations	..	..	..	..	..	125	7	5
Guarantee of staff and bank balances abroad	..	..	..	..	..	500	0	0

£50,191 4 1

Abstract C.

EXPENSES ATTENDING MAINTENANCE OF CABLES.

	£	s.	d.
Expenses of s.s. "Sherard Osborn," effecting numerous repairs, aggregating seventy-seven days	3,561	2	9
Expenses of s.s. "Sherard Osborn" during remainder of six months	3,996	7	2
Expenses of s.s. "Recorder," effecting numerous repairs, aggregating seventy-seven days	3,017	16	8
Expenses of s.s. "Recorder" during remainder of six months	3,048	14	7
Cable, expended on repairs, and sundry expenses at stations after deducting value of picked-up cable	9,688	5	11
Insurance of cable on board maintenance ships	1,622	7	3
Expenses of cable depot at Singapore	761	6	6
Charter of Great Northern Company's maintenance-ship for repair of cables in the China seas, and agreed charge for call of ship	1,180	0	0
Depreciation of cable stores	2,447	18	9
	£29,323	19	7

GENERAL RESERVE FUND, 30TH JUNE, 1895.

Dr.	£	s.	d.	Cr.	£	s.	d.
The following amounts for new cables and cable renewals have from time to time been charged against the Reserve and Revenue Accounts:—				By Balance of Reserve Fund at 31st December, 1894	641,598	13	3
Rangoon-Penang cable, 1877	134,437	4	8	Interest received during half-year	7,265	11	11
Rangoon-Penang cable renewals, 1884-85 and 1887	21,175	4	2	Profit on sale of Reserve Fund investments	286	9	0
Hongkong-Manila cable, portion of cost, 1880	16,071	10	0				
Singapore-Batavia cable renewal, 1881	64,363	11	5				
Java-Australian cables partial renewals, 1884 and 1888	41,754	17	0				
Singapore-Saigon cable renewals, 1884-85 and 1887-88	59,677	1	11				
Victoria-Tasmania duplicate cable, 1885	31,190	5	0				
Penang-Singapore cable renewal, 1886	53,245	3	8				
Hongkong-Saigon cable partial renewals, 1889-90 and 1892	£15,880	19	9				
Less value of cable recovered and credited to Reserve Fund, 1893	1,271	4	8				
	14,609	15	1				
Western Australia cable, 1889-90	119,898	0	5				
New Zealand duplicate cable, 1890	188,433	15	6				
Madras-Penang partial renewal, 1890-91	£91,896	1	4				
Less value of cable recovered and credited to Reserve Fund, 1893	737	15	9				
	91,158	5	7				
Hongkong-Tonquin partial renewal, 1890 and 1891	34,323	1	0				
Madras-Penang duplicate cable, 1890-91	244,135	14	9				
Penang-Sumatra cable, 1891	14,924	6	5				
Singapore-Penang triplicate cable, 1892	25,974	19	4				
Shanghai-Foochow partial renewal, 1892	5,307	13	10				
Singapore-Hongkong cable, 1894	100,000	0	0				
	£1,260,685	9	9				
To balance carried down	649,150	14	2				
	£649,150	14	2				
				Balance as per balance-sheet	£649,150	14	2

BALANCE-SHEET 30TH JUNE, 1895.

Dr.	£	s.	d.	Cr.	£	s.	d.
To Capital—				By Capital expenditure, as per last ac-			
300,000 shares of				count ..	2,870,913	17	9
£10 each .. £3,000,000	0	0		Maintenance-ships, as per last ac-			
Less 50,000 shares				count ..	66,449	14	10
of £10 each un-							
issued .. 500,000	0	0			2,937,363	12	7
	2,500,000	0	0	Balance of expenditure on account			
5-per-cent. Australian subsidy debentures—				of the new Singapore-Hongkong			
2,484 debentures of £100 each, as				cable ..	186,043	14	1
per last account ..	248,400	0	0	Investments on account of reserve			
4 per cent. mortgage debenture stock	320,000	0	0	funds (see Abstract D) ..	580,198	16	1
Reserve funds—				Trustees for 5-per-cent. Australian			
General reserve ..	649,150	14	2	subsidy debentures ..	41,367	6	9
Maintenance-ships' reserve ..	72,332	14	8	Spare cable and other stores ..	87,227	18	5
Insurance reserve for maintenance-				Traffic and other debit balances ..	108,628	15	6
ships and cables ..	77,128	15	11	Bills receivable ..	43,600	0	0
Sinking funds—				Remittances in transit ..	17,900	0	0
Australian subsidy debenture sink-				Cash at banker's and in hand ..	111,457	6	3
ing fund ..	45,367	6	9				
Traffic and other credit balances ..	55,750	1	5				
Reserve for fire insurance, guaran-							
tees, &c. ..	5,586	9	11				
Debenture interest accrued and un-							
paid ..	5,155	11	1				
Proprietors for dividends—							
Unclaimed dividends ..	1,911	2	6				
First interim dividend of 2s. 6d. per							
share, paid 15th July, 1895 ..	31,250	0	0				
Second interim dividend of 2s. 6d.							
per share, paid 15th October,							
1895 ..	31,250	0	0				
Revenue account balance ..	70,504	13	3				
	<u>£4,113,787</u>	<u>9</u>	<u>8</u>		<u>£4,113,787</u>	<u>9</u>	<u>8</u>

Audited and found correct,

DELOITTE, DEVER, GRIFFITHS, AND CO., } Auditors.
WELTON, JONES, AND CO., }

London, 21st October, 1895.

ABSTRACT D.

LIST OF INVESTMENTS ON ACCOUNT OF RESERVE FUNDS.

£	Government and Miscellaneous.	£	s.	d.
31,000	2½-per-cent. Consols. ..	31,708	17	3
2,500	Chilian Government 4½-per-cent. converted loan ..	2,512	10	4
14,500	Eastern Extension Australasia and China Telegraph Company (Limited)			
	5-per-cent. Australian Government subsidy debentures ..	14,973	12	5
1,500	Egyptian Government 3-per-cent. guaranteed bonds ..	1,429	1	0
3,500	Globe Telegraph and Trust Company (Limited) 6-per-cent. preference shares ..	5,374	13	0
5,000	Government Stock and other Securities Investment Company (Limited)			
	4 per-cent. debenture stock ..	5,200	9	10
15,000	India 3-per-cent. stock ..	13,859	11	3
25,000	Metropolitan Consolidated 3½-per-cent. stock ..	25,968	15	0
5,000	Pacific and European Telegraph Company (Limited) 4-per-cent. guaranteed			
	debentures ..	5,100	0	0
2,500	Southern Mahratta Railway (Limited) 4-per-cent. debenture stock ..	2,708	14	8
Colonial.				
5,000	Barbadoes 3½-per-cent. inscribed stock (1942) ..	5,273	6	0
10,000	Canadian 3-per-cent. inscribed stock (1938) ..	9,962	7	10
9,000	Canadian Pacific Railway 5-per-cent. first mort. debenture bonds (1915) ..	9,620	4	10
5,000	Cape of Good Hope Government 4-per-cent. inscribed stock 1882 (1923) ..	4,796	6	9
5,000	Ceylon Government 4-per-cent. inscribed stock (1934) ..	5,639	1	9
4,000	City of Sydney 5-per-cent. bonds (1904) ..	4,691	14	6
5,000	Metropolitan Gas Company of Melbourne 5-per-cent. debentures (1910-12) ..	5,568	17	6
5,000	Natal 4-per-cent. consolidated stock inscribed 1887 (1937) ..	4,993	14	1
5,000	Natal 3½-per-cent. inscribed stock (1914-39) ..	5,313	6	0
10,000	New South Wales Government 4-per-cent. debentures (1908-10) ..	10,230	3	8
15,000	New South Wales Government 3½-per-cent. inscribed stock (1924) ..	14,429	14	8
5,000	New South Wales Government 4-per-cent. inscribed stock (1933) ..	5,394	15	1
5,000	New Zealand Government 3½-per-cent. inscribed stock (1940) ..	5,149	8	10
10,000	Queensland Government 4-per-cent. debentures (1913-15) ..	10,169	2	3
15,000	Queensland Government 4-per-cent. inscribed stock (1924) ..	15,732	19	8
10,000	South Australian 3½-per-cent. inscribed stock (1939) ..	10,035	2	6
5,000	Tasmanian Government 4-per-cent. debentures (1914) ..	5,050	1	11
5,000	Tasmanian Government 3½-per-cent. inscribed stock (1920-40) ..	5,130	13	10
13,500	Victorian Government 4½-per-cent. debentures (1904) ..	14,314	5	0
5,000	Victorian Government 4-per-cent. debenture bonds (1907) ..	5,050	1	11

American Railways.

		£	s.	d.
8,400	Baltimore and Ohio Railroad Company 6-per-cent. sterling bonds 1874(1910) Costing	10,420	19	9
\$45,000	Baltimore and Ohio Railroad Company 5-per-cent. bonds 1885 (1925) ..	10,375	17	6
\$25,000	Central Railroad Company of New Jersey 5-per-cent. gen. mortgage coupon gold bonds (1887) ..	5,726	16	0
\$10,000	Cleveland and Pittsburgh Railroad Company 4½-per-cent. general mortgage gold bonds (1942) ..	2,295	15	0
\$50,000	Illinois Central Railroad Company 4-per-cent. Cairo Bridge gold bonds (1950) ..	10,075	3	0
\$13,000	Illinois Central Railroad Company 4-per-cent. extended bonds (1951) ..	14,949	10	10
\$25,000	New York Central and Hudson River Railroad Company 4-per-cent. gold debenture certificates of 1890 (1905) ..	5,256	17	6
\$17,600	Pennsylvania Railroad Company 6-per-cent. consolidated mortgage sinking fund bonds (1905) ..	21,062	1	1
\$25,000	Pittsburg, Cincinnati, Chicago, and St. Louis Railway Company 4½-per-cent. consolidated mortgage gold bonds (series A) (1940) ..	5,388	9	3

Railway Debenture and Guaranteed Stocks.

£7,500	Caledonian Railway 4-per-cent. debenture stock	Costing	8,339	4	8
40,500	Forth Bridge Railway 4-per-cent. guaranteed debenture stock	"	46,548	5	1
14,562	Great Eastern Railway 4-per-cent. debenture stock	"	15,687	17	11
8,000	Great Eastern Railway 4-per-cent. consolidated irre. guaranteed stock ..	"	8,574	13	0
4,000	West Cornwall Railway, Great Western, Bristol and Exeter, and South Devon Railways 4½-per-cent. joint rent-charge stock	"	4,794	10	0
3,500	Great Western Railway 5-per-cent. consolidated guaranteed stock	"	5,139	17	6
13,333	Lancashire and Yorkshire Railway 3-per-cent. debenture stock	"	10,964	13	11
5,000	Lancashire and Yorkshire Railway 4-per-cent. consolidated guar. stock ..	"	5,516	10	0
9,750	London, Brighton, and S. C. Railway 4½-per-cent. perl. guar. deb. stock ..	"	12,748	8	6
7,000	London, Chatham, and Dover Railway 4½-per-cent. arbit. debenture stock ..	"	8,428	17	6
9,000	London and North-western Railway 4-per-cent. consolidated guar. stock ..	"	10,099	6	3
5,312	London, Tilbury, and Southend Railway 4-per-cent. debenture stock	"	5,833	8	2
19,900	Metropolitan Railway 4-per-cent. debenture stock	"	21,836	18	6
5,110	Metropolitan District Railway 4½-per-cent. Fulham rent-charge stock ..	"	6,009	15	1
5,000	Metropolitan District Railway 4-per-cent. debenture stock	"	5,453	3	9
12,000	Metropolitan District Railway 4-per-cent. perl. guar. stock	"	12,308	10	10
5,000	Midland Railway 4-per-cent. perl. guar. pref. stock	"	5,503	15	7
19,333 6	8 North British Railway 3-per-cent. debenture stock	"	15,696	5	1
5,000	North E. Railway W. Hartlepool 4-per cent. preference stock	"	5,466	12	6
8,000	North E. Railway 4-per-cent. con. pref. stock	"	8,748	6	3
5,000	North E. Railway 4-per-cent. debenture stock	"	5,576	12	9
			£580,198	16	1

FIVE-PER-CENT. AUSTRALIAN GOVERNMENT SUBSIDY DEBENTURES.

NUMBERS of 389 DEBENTURES of £100 each drawn on 1st April, 1895, for Payment at Messrs. Barclay, Bevan, and Co., 54, Lombard Street, E.C., on the 1st July, 1895.

4	510	949	1614	2071	2480	2858	3319	3812	4274	4951	5433	5964
43	518	973	1624	2093	2489	2868	3324	3821	4337	4962	5444	5981
92	536	975	1625	2109	2506	2877	3376	3829	4392	4963	5446	5985
107	539	997	1641	2117	2516	2879	3386	3843	4401	4965	5476	5989
111	547	1086	1648	2123	2523	2887	3404	3857	4416	4967	5522	6046
127	569	1090	1661	2127	2550	2961	3430	3889	4418	5015	5611	6051
128	615	1111	1672	2159	2554	3010	3434	3913	4426	5019	5654	6061
148	624	1127	1686	2161	2568	3011	3438	3924	4431	5025	5657	6063
157	645	1129	1697	2186	2572	3015	3470	3951	4462	5027	5675	6081
161	666	1156	1710	2192	2583	3022	3491	3953	4478	5032	5703	6120
188	687	1188	1730	2196	2593	3047	3512	3972	4480	5049	5704	6132
224	702	1214	1764	2209	2599	3049	3516	3982	4506	5058	5713	6136
227	720	1222	1777	2213	2624	3055	3536	4016	4517	5082	5718	6139
233	726	1224	1804	2266	2646	3061	3551	4027	4539	5086	5726	6157
252	756	1234	1824	2273	2662	3110	3558	4051	4553	5113	5729	6163
266	766	1235	1825	2274	2670	3154	3559	4069	4574	5116	5734	6173
275	787	1254	1842	2275	2675	3182	3569	4083	4664	5150	5735	6185
298	830	1267	1871	2294	2687	3185	3573	4084	4671	5157	5762	6209
308	835	1269	1882	2302	2694	3187	3589	4101	4672	5175	5768	6242
343	841	1333	1883	2318	2706	3197	3624	4113	4714	5217	5774	6251
354	854	1344	1903	2332	2731	3202	3649	4128	4721	5251	5829	6281
357	857	1372	1922	2352	2733	3211	3673	4136	4736	5270	5842	6289
363	868	1377	1931	2359	2737	3241	3688	4151	4780	5276	5849	6290
373	869	1382	1978	2365	2742	3251	3697	4157	4788	5296	5854	6312
410	876	1386	1995	2386	2746	3262	3710	4181	4790	5299	5893	6342
421	898	1455	2000	2401	2756	3281	3723	4192	4846	5305	5903	6374
425	900	1458	2013	2403	2758	3283	3758	4200	4850	5311	5912	6378
440	907	1494	2035	2434	2771	3311	3761	4218	4898	5335	5924	6390
454	938	1532	2039	2451	2784	3312	3792	4247	4906	5337	5938	6395
509	943	1569	2057	2474	2796	3316	3809	4255	4931	5342	5961	

Half-year ended 31st December, 1895.

THE EASTERN EXTENSION AUSTRALASIA AND CHINA TELEGRAPH COMPANY LIMITED).

Directors.—Sir John Pender, G.C.M.G., M.P. (Chairman), Francis Augustus Bevan, Esq., Sir Albert J. Leppoc Cappel, K.C.I.E., Charles William Earle, Esq., George Garden Nicol, Esq., John Denison Pender, Esq., the Most Hon. the Marquis of Tweeddale.

Secretary.—F. E. Hesse, Esq.

Offices.—Winchester House, 50, Old Broad Street, London, E.C.

REPORT and ACCOUNTS of the DIRECTORS for the Half-year ended the 31st December, 1895, to be submitted to the Forty-fifth Ordinary General Meeting, 29th April, 1896.

1. THE usual statements of account for the half-year ended the 31st December, 1895, are submitted herewith.

2. The gross receipts, including Government subsidies, have amounted during the half-year to £311,582 10s. 11d., against £261,322 14s. 6d. for the corresponding period of 1894. This large increase is mainly due to the exceptionally heavy traffic transmitted to and from Western Australia in connection with the gold-mining industry that has recently sprung up in that colony.

3. The working and other expenses, including £20,713 2s. for cost of repairs to cables and expenses of ships, absorb £84,044 6s. 4d., against £89,740 14s. 9d. for the corresponding period of 1894, leaving a balance of £227,538 4s. 7d. From this is deducted £4,318 8s. 4d. for income-tax, £20,000 transferred to the Fire Insurance Fund, £31,895 for interest on debentures, debenture-stock, and contribution to sinking fund, leaving as the net profit for the half-year £171,324 16s. 3d., which, with £70,504 13s. 3d. brought forward from the previous half-year, shows an available balance of £241,829 9s. 6d.

4. One quarterly interim dividend of $1\frac{1}{4}$ per cent. has been paid for the half-year, and it is now proposed to distribute another of like amount on the 30th instant, making, with the interim dividends paid for the first half-year, a total dividend of 5 per cent. It is also proposed to pay a bonus of 4s. per share, or 2 per cent., making a total distribution of 7 per cent. for the year 1895. The balance of £129,329 9s. 6d. has been carried to the General Reserve Fund, which now stands at £561,546 9s. 9d.

5. During the past half-year the company's system has been strengthened by the renewal of 340 knots of the New Zealand (original) cable and 109 knots of the Tasmanian (original) cable. The cost of these renewals, amounting to £38,733 5s. 10d., has been debited to the General Reserve Fund, together with £186,043 14s. 1d., the balance of cost of the alternative Singapore-Hongkong cable. Further extensive renewal work will have to be carried out during the current year.

6. In accordance with the provisions of the trust deed, dated the 10th May, 1879, 409 of the company's 5-per-cent. Australian Government subsidy debentures, amounting to £40,900, were drawn by lot on the 1st instant for payment at par on the 1st July next. The numbers of the drawn debentures are given at the end of this report.

7. With a view to placing the company's tariffs on a more uniform and satisfactory basis, your directors have decided to reduce the local rates as and from the 1st July next. The immediate effect will certainly be a considerable falling-off of revenue, but it is hoped that the lower rates will lead to such an increase of business as may eventually recoup the initial loss.

8. In accordance with the articles of association, John Denison Pender, Esq., and the Most Hon. the Marquis of Tweeddale retire by rotation, and, being eligible, offer themselves for re-election.

9. The retiring auditors, Messrs. Deloitte, Dever, Griffiths, and Co., and Messrs. Welton, Jones, and Co., also offer themselves for re-election.

TWEEDDALE, Acting Chairman.

F. E. HESSE, Secretary.

Winchester House, 50, Old Broad Street, London, E.C.,
17th April, 1896.

REVENUE ACCOUNT FOR THE HALF-YEAR ENDED 31ST DECEMBER, 1895.

Dr.	£	s.	d.	Cr.	£	s.	d.
To General expenses in London (see Abstract A)	7,020	17	3	By Message and other receipts ..	287,720	15	11
General expenses at stations (see Abstract B)	45,221	14	9	Australian duplicate cable subsidies ..	16,200	0	0
Use of patents	100	0	0	Tasmanian cable subsidy ..	2,100	0	0
Electrician's consulting-fee	50	0	0	Tonquin cable subsidy ..	5,300	0	0
Directors' remuneration	2,000	0	0	Malacca cable subsidy ..	200	0	0
Auditors' fees	100	0	0	Transfer-fees	61	15	0
Staff endowment assurance	974	16	2				
Staff Pension Fund	785	11	8				
Expenses in connection with Australian, Chinese, and Spanish negotiations, &c.	3,578	4	6				
Repairs to cables (see Abstract C)	20,713	2	0				
Maintenance ships' Reserve Fund ..	3,500	0	0				
Income-tax	4,318	8	4				
Fire Insurance Fund	20,000	0	0				
Interest and sinking fund on account of 5-per-cent. Australian subsidy debentures	25,495	0	0				
Interest on 4-per-cent. mortgage debenture stock	6,400	0	0				
Balance	171,324	16	3				
	<u>£311,582</u>	<u>10</u>	<u>11</u>		<u>£311,582</u>	<u>10</u>	<u>11</u>
Third interim dividend of 1895, 2s. 6d. per share, paid 15th January, 1896 ..	31,250	0	0				
Proposed final dividend of 2s. 6d. per share for 1895, payable 30th April, 1896	31,250	0	0				
Proposed bonus of 4s. per share, payable 30th April, 1896	50,000	0	0	By Balance down	171,324	16	3
Balance to General Reserve Fund ..	129,329	9	6	Balance of revenue to 30th June, 1895 ..	70,504	13	3
	<u>£241,829</u>	<u>9</u>	<u>6</u>		<u>£241,829</u>	<u>9</u>	<u>6</u>

ABSTRACTS RELATING TO REVENUE ACCOUNT FOR THE HALF-YEAR ENDED 31ST DECEMBER, 1895.

Abstract A.

STATEMENT OF GENERAL EXPENSES IN LONDON.

	£	s.	d.
Salaries (including managing director's remuneration)	3,958	17	11
Wages	198	14	7
Office expenses	970	18	0
Rent, taxes, &c.	1,054	13	6
Stationery and printing	224	8	9
Postage, bill, and other stamps	212	12	5
Advertising	105	14	6
Legal expenses	146	11	8
Repairs and renewals to furniture, &c.	148	5	11
Per Revenue Account	<u>£7,020</u>	<u>17</u>	<u>3</u>

Abstract B.

STATEMENT OF WORKING-EXPENSES AT STATIONS.

	£	s.	d.
Salaries and wages	30,507	19	8
Travelling-expenses	2,036	15	6
Rent, taxes, house-allowances	5,116	6	5
Expenses of electric-lighting at stations	432	17	3
Provision and ration-allowances	668	3	2
Maintenance and renewals of instruments and electrical apparatus ..	968	11	0
Expenses of land-lines	103	8	9
Repairs and renewals of furniture, fittings, &c.	801	13	5
Repairs to buildings	270	12	10
Insurances at stations	351	4	2
Stationery and printing	313	4	0
Office and message postages	132	7	7
Office and petty expenses	727	3	8
Medical attendance	510	4	1
Service messages	51	2	6
Expenses of Porthcurno School	250	0	0
Foreign agencies	140	16	8
Advertising at stations	4	19	10
Messengers' uniforms	62	15	6
Income-tax at stations	1,221	8	9
Guarantee of staff and bank balances abroad	500	0	0
Per Revenue Account	<u>£45,221</u>	<u>14</u>	<u>9</u>

Abstract C.

EXPENSES ATTENDING MAINTENANCE OF CABLES.		£	s.	d.
Expenses of s.s. "Sherard Osborn," repairs, aggregating 159 days, after deducting expenses of ship on renewal work .. .. .	.. .. .	2,863	6	7
Expenses of s.s. "Sherard Osborn" during remainder of six months .. .. .	.. .. .	791	0	11
Expenses of s.s. "Recorder," effecting numerous repairs, aggregating eighty-nine days .. .. .	.. .. .	3,611	2	11
Expenses of s.s. "Recorder" during remainder of six months .. .. .	.. .. .	2,642	15	2
Cable expended on repairs, and sundry expenses of stations, after deducting value of picked-up cable .. .. .	.. .. .	4,086	12	6
Insurance of cable on board maintenance-ships .. .. .	.. .. .	1,583	12	5
Expenses of cable depot at Singapore .. .. .	.. .. .	1,064	11	6
Charter of Great Northern Company's maintenance-ship for repair of cables in the China seas, and agreed charge for call of ship .. .. .	.. .. .	3,220	0	0
Depreciation of cable stores .. .. .	.. .. .	850	0	0
		<u>£20,713 2 0</u>		

GENERAL RESERVE FUND, 31st DECEMBER, 1895.

Dr.	£	s.	d.	Cr.	£	s.	d.
To Balance of cost of Singapore-Hongkong cable	186,043	14	1	By Balance of Reserve Fund at 30th June, 1895	649,150	14	2
Sydney-Nelson (original) cable partial renewal	28,847	5	4	Interest received during half-year	7,843	6	0
Victoria-Tasmania (original) cable partial renewal	9,886	0	6	Balance transferred from Revenue Account	129,329	9	6
The following amounts for new cables and cable renewals have from time to time been charged against the Reserve and Revenue Accounts:—							
Rangoon-Penang cable, 1877	£134,437	4	8				
Rangoon-Penang cable renewals, 1884-85 and 1887	21,175	4	2				
Hongkong-Manila cable, portion of cost, 1880	16,071	10	0				
Singapore-Batavia cable renewal, 1881	64,363	11	5				
Java-Australian cables partial renewals, 1884 and 1888	41,754	17	0				
Singapore-Saigon cable renewals, 1884-85 and 1887-88	59,677	1	11				
Victoria-Tasmania duplicate cable, 1885	31,190	5	0				
Penang-Singapore cable renewal, 1886	53,245	3	8				
Hongkong-Saigon cable partial renewals, 1889-90 and 1892, £15,880 19s. 9d. Less value of cable recovered and credited to Reserve Fund, 1893, £1,271 4s. 8d.	14,609	15	1				
Western Australia cable, 1889-90	119,898	0	5				
New Zealand duplicate cable, 1890	188,433	15	6				
Madras-Penang, partial renewal, 1890-91, £91,896 1s. 4d. Less value of cable recovered and credited to Reserve Fund, 1893, £737 15s. 9d.	91,158	5	7				
Hongkong-Tonquin, partial renewal, 1890-91	34,328	1	0				
Madras-Penang duplicate cable, 1890-91	244,135	14	9				
Penang-Sumatra cable, 1891	14,924	6	5				
Singapore-Penang triplicate cable, 1892	25,974	19	4				
Shanghai-Foochow, partial renewal, 1892	5,307	13	10				
Singapore-Hongkong cable, 1894-95	286,043	14	1				
Sydney-Nelson (original) cable, partial renewal, 1895	28,847	5	4				
Victoria-Tasmania (original) cable, partial renewal, 1895	9,886	0	6				
	<u>£1,485,462</u>	<u>9</u>	<u>8</u>				
Balance carried down	..	561,546	9 9				
		<u>£786,323</u>	<u>9 8</u>				
				Balance as per balance-sheet	<u>£786,323</u>	<u>9 8</u>	
					<u>£561,546</u>	<u>9 9</u>	

BALANCE-SHEET, 31ST DECEMBER, 1895.

Dr.	£	s.	d.	Cr.	£	s.	d.
To Capital—				By Capital expenditure,			
300,000 shares of				as per last account	£2,870,913	17	9
£10 each ..	£3,000,000	0	0	Add cost of land for			
Less 50,000 shares				cable-house at			
of £10 each, un-				Tanjong-Katong,			
issued ..	500,000	0	0	Singapore ..	320	2	3
					2,871,234	0	0
5-per-cent. Australian subsidy debentures—				Less transferred			
2,484 debentures of				from Australian			
£100 each, as per				5-per-cent. subsidy			
last account ..	£248,400	0	0	debenture sinking			
Less 389 debentures drawn 1st				fund ..	38,900	0	0
April, 1895, for							
payment 1st					2,832,334	0	0
July, 1895 ..	38,900	0	0	Maintenance-ships, as per last account	66,449	14	10
					2,898,783	14	10
4-per-cent. mortgage debenture stock	320,000	0	0	Investments on account of reserve			
				funds (see Abstract D) ..	690,947	18	8
Reserve funds—	3,029,500	0	0	Trustees for 5-per-cent. Australian			
General reserve ..	561,546	9	9	subsidy debentures ..	13,631	18	9
Maintenance-ships reserve ..	76,736	17	11	Spare cable and other stores ..	54,195	16	3
Insurance reserve for maintenance-				Traffic and other debit balances ..	137,384	4	6
ships and cables ..	83,247	12	4	Bills receivable ..	39,260	0	0
Sinking fund—				Remittances in transit ..	13,820	0	0
Australian subsidy debenture sink-				Cash at banker's and in hand ..	107,121	7	2
ing fund ..	26,926	18	9				
Traffic and other credit balances ..	32,054	2	11				
Reserve for fire insurance, guarantees,							
&c. ..	26,159	11	11				
Debenture interest accrued and unpaid	5,161	7	1				
Proprietors for dividends—							
Unclaimed dividends ..	1,281	19	6				
Third interim dividend of 2s. 6d.							
per share, paid the 15th January,							
1896 ..	31,250	0	0				
Proposed final dividend of 2s. 6d.							
per share, payable the 30th April,							
1896 ..	31,250	0	0				
Proposed bonus of 4s. per share,							
payable the 30th April, 1896 ..	50,000	0	0				
	£3,955,115	0	2		£3,955,115	0	2

Audited and found correct.

DELOITTE, DEVER, GRIFFITHS, AND CO., } Auditors.
WELTON, JONES, AND CO., }

London, 16th April, 1896.

ABSTRACT D.

LIST OF INVESTMENTS ON ACCOUNT OF RESERVE FUNDS.

£	Government and Miscellaneous.	£	s.	d.
31,000	2½-per-cent. Consols. ..	31,708	17	3
2,500	Chilian Government 4½-per-cent. converted loan ..	2,512	10	4
14,500	Eastern Extension Australasia and China Telegraph Company (Limited)			
	5-per-cent. Australian Government subsidy debentures ..	14,969	18	6
10,000	East London Waterworks 3-per-cent. debenture stock ..	10,576	8	6
1,500	Egyptian Government 3-per-cent. guaranteed bonds ..	1,429	1	0
3,500	Globe Telegraph and Trust Company (Limited) 6-per-cent. pref. shares ..	5,374	13	0
5,000	Government Stock and other Securities Investment Company (Limited)			
	4-per-cent. debenture stock ..	5,200	9	10
15,000	India 3-per-cent. stock ..	13,859	11	3
25,000	Metropolitan Consolidated 3½-per-cent. stock ..	25,968	15	0
5,000	Pacific and European Telegraph Company (Limited) 4-per-cent. guaranteed			
	debentures ..	5,100	0	0
2,500	Southern Mahratta Railway (Limited) 4-per-cent. debenture stock ..	2,703	14	8
	Colonial.			
5,000	Barbados 3½-per-cent. inscribed stock (1942) ..	5,273	6	0
10,000	Canadian 3-per-cent. inscribed stock (1938) ..	9,962	7	10
9,000	Canadian Pacific Railway 5-per-cent. first mortgage debenture bonds (1915) ..	9,620	4	10
5,000	Cape of Good Hope Government 4-per-cent. inscribed stock 1882 (1923) ..	4,796	6	9
10,000	Cape of Good Hope Government 4-per cent. con. inscribed stock (1916-36) ..	11,667	17	2
5,000	Ceylon Government 4-per-cent. inscribed stock (1934) ..	5,639	1	9
5,000	Ceylon Government 3-per-cent. inscribed stock (1940) ..	5,213	14	3
4,000	City of Sydney 5 per-cent. bonds (1904) ..	4,691	14	6
5,000	Metropolitan Gas Company of Melbourne 5-per-cent. debentures (1910-12) ..	5,563	17	6
5,000	Natal 4-per-cent. consolidated stock inscribed 1887 (1937) ..	4,993	14	1
5,000	Natal 3½-per-cent. inscribed stock (1914-1939) ..	5,313	6	0
10,000	New South Wales Government 4-per-cent. debentures (1908-10) ..	10,230	3	8
2,500	New South Wales Government 3-per-cent. inscribed stock (1935) ..	2,406	15	3
15,000	New South Wales Government 3½-per-cent. inscribed stock (1924) ..	14,429	14	8
5,000	New South Wales Government 4-per-cent. inscribed stock (1933) ..	5,394	15	1
5,000	New Zealand Government 3½-per-cent. inscribed stock (1940) ..	5,149	8	10
10,000	Queensland Government 4-per-cent. debentures (1913-15) ..	10,169	2	3
15,000	Queensland Government 4-per-cent. inscribed stock (1924) ..	15,732	19	8

£		Colonial—continued.		£ s. d.	
10,000	South Australian Government 3½-per-cent. inscribed stock (1939)	..	..	10,035	2 6
5,000	Tasmanian Government 4-per-cent. debentures (1914)	..	..	5,050	1 11
5,000	Tasmanian Government 3½-per-cent. inscribed stock (1920-40)	..	..	5,130	13 10
13,500	Victorian Government 4½-per-cent. debentures (1904)	..	..	14,314	5 0
5,000	Victorian Government 4-per-cent. debenture bonds (1907)	..	..	5,050	1 11
		American Railways.			
8,400	Baltimore and Ohio Railroad Company 6-per-cent. sterling bonds 1874 (1910)	Costing	10,420	19	9
\$45,000	Baltimore and Ohio Railroad Company 5-per-cent. bonds 1885 (1925)	..	10,375	17	6
\$25,000	Central Railroad Company of N. Jersey 5-per-cent. gen. mort. coupon gold bonds (1987)	..	5,726	16	0
\$10,000	Cleveland and Pittsburgh Railroad Company 4½-per-cent. gen. mort. gold bonds (1942)	..	2,295	15	0
\$50,000	Illinois Central Railroad Company 4-per-cent. Cairo Bridge gold bonds (1950)	..	10,075	3	0
£13,000	Illinois Central Railroad Company 4-per-cent. extended bonds (1951)	..	14,949	10	10
\$25,000	New York Central and Hudson River Railroad Company 4-per-cent. gold debenture certificates of 1890 (1905)	..	5,256	17	6
£17,600	Pennsylvania Railroad Company 6-per-cent. consolidated mortgage sinking-fund bonds (1905)	..	21,062	1	1
10,000	Pennsylvania Railroad Company 3½-per-cent. consolidated mortgage sterling bonds (1945)	..	10,420	15	6
\$25,000	Pittsburg, Cincinnati, Chicago and St. Louis Railway Company 4½-per-cent. consolidated mortgage gold bonds (series A) (1940)	..	5,388	9	3
		British Railway Debenture and Guaranteed Stocks.			
£7,500	Caledonian Railway 4-per-cent. debenture stock	..	Costing	8,339	4 8
40,500	Forth Bridge Railway 4-per-cent. guaranteed debenture stock	..	46,548	5	1
14,562	Great Eastern Railway 4-per-cent. debenture stock	..	15,687	17	11
8,000	Great Eastern Railway 4-per-cent. consolidated irre. guaranteed stock	..	8,574	13	0
20,000	Great Northern Railway 3-per-cent. debenture stock	..	23,073	0	6
4,000	West Cornwall Railway, Great Western, Bristol and Exeter, and South Devon Railways, 4½-per-cent. joint rent-charge stock	..	4,794	10	0
3,500	Great Western Railway 5-per-cent. consolidated guaranteed stock	..	5,139	17	6
5,000	Great Western Railway 4-per-cent. debenture stock	..	7,667	12	5
13,333	Lancashire and Yorkshire Railway 3-per-cent. debenture stock	..	10,964	13	11
5,000	Lancashire and Yorkshire Railway 4-per-cent. consolidated guaranteed stock	..	5,516	10	0
9,750	London, Brighton, and S. C. Railway 4½-per-cent. perl. guar. deb. stock	..	12,743	8	6
7,000	London, Chatham, and Dover Railway 4½-per-cent. arbit. debenture stock	..	8,428	17	6
9,000	London and North-western Railway 4-per-cent. consolidated guar. stock	..	10,099	6	3
10,000	London and North-western Railway 3-per-cent. perl. deb. stock	..	11,814	7	0
5,312	London, Tilbury, and Southend Railway 4-per-cent. debenture stock	..	5,833	8	2
19,900	Metropolitan Railway 4-per-cent. debenture stock	..	21,836	18	6
5,110	Metropolitan District Railway 4½-per-cent. Fulham rent-charge stock	..	6,009	15	1
5,000	Metropolitan District Railway 4-per-cent. debenture stock	..	5,453	3	9
12,000	Metropolitan District Railway 4-per-cent. perl. guaranteed stock	..	12,308	10	10
5,000	Midland Railway 4-per-cent. perl. guaranteed preference stock	..	5,503	15	7
20,000	Midland Railway 3-per-cent. debenture stock	..	23,253	6	6
19,333 6 8	North British Railway 3-per-cent. debenture stock	..	15,696	5	1
5,000	North E. Railway, West Hartlepool, 4-per-cent. preference stock	..	5,466	12	6
8,000	North E. Railway 4-per-cent. consolidated preference stock	..	8,748	6	3
5,000	North E. Railway 4-per-cent. debenture stock	..	5,576	12	9
4,000	South E. Railway 3-per-cent. perl. debenture stock	..	4,658	19	5
				£690,947	18 8

FIVE-PER-CENT. AUSTRALIAN GOVERNMENT SUBSIDY DEBENTURES.

NUMBERS of 409 DEBENTURES of £100 each drawn on 1st April, 1896, for Payment at Messrs. Barclay, Bevan, and Co., 54, Lombard Street, E.C., on the 1st July, 1896:—

17	475	937	1373	1872	2310	2828	3318	3756	4240	4763	5344	5805
21	479	939	1378	1895	2315	2839	3331	3766	4246	4774	5378	5858
26	494	946	1390	1899	2324	2840	3336	3767	4249	4782	5383	5860
29	523	947	1399	1917	2338	2841	3342	3793	4251	4787	5384	5881
41	530	958	1404	1919	2344	2849	3345	3839	4253	4796	5390	5932
52	559	959	1417	1923	2347	2857	3397	3849	4262	4808	5404	5953
69	563	977	1427	1941	2369	2882	3421	3888	4267	4816	5432	6000
90	566	978	1449	1958	2374	2883	3423	3890	4297	4870	5443	6027
99	590	994	1461	1963	2416	2925	3429	3894	4356	4934	5461	6040
102	614	1004	1464	1967	2418	2930	3440	3919	4360	4940	5466	6045
103	664	1013	1466	1973	2424	2931	3443	3927	4370	4945	5472	6113
116	677	1024	1473	1986	2431	2937	3478	3939	4381	4970	5484	6127
144	686	1025	1511	2003	2457	2965	3479	3941	4382	4982	5534	6158
155	690	1026	1572	2029	2470	2982	3483	3945	4385	4992	5538	6165
189	691	1051	1574	2037	2476	2999	3527	3967	4386	5038	5544	6176
200	711	1089	1590	2041	2497	3023	3541	3983	4399	5056	5546	6207
211	717	1098	1651	2052	2503	3027	3544	3985	4430	5092	5550	6221
214	734	1102	1677	2067	2507	3095	3548	4005	4482	5095	5560	6243
229	761	1104	1689	2085	2526	3096	3549	4009	4483	5100	5568	6253
285	778	1112	1706	2086	2541	3099	3615	4024	4533	5107	5583	6267
299	790	1116	1736	2095	2552	3111	3628	4038	4547	5111	5597	6274
310	811	1160	1738	2100	2576	3141	3645	4049	4548	5123	5600	6291
326	813	1167	1740	2102	2587	3153	3647	4066	4604	5160	5601	6302
350	817	1186	1743	2115	2601	3167	3650	4098	4609	5183	5633	6318
369	844	1190	1770	2188	2648	3210	3651	4178	4618	5214	5637	6321
387	860	1211	1773	2207	2657	3217	3659	4182	4632	5235	5680	6327
422	870	1231	1778	2226	2691	3231	3662	4201	4679	5241	5706	6345
431	872	1282	1788	2233	2699	3239	3701	4204	4684	5275	5727	6349
434	879	1308	1791	2261	2713	3263	3720	4226	4705	5278	5741	6351
435	883	1327	1821	2281	2722	3284	3731	4234	4725	5283	5765	6352
448	888	1357	1836	2282	2791	3313	3735	4235	4730	5306	5791	6365
465	896	1365	1837	2306	2822							

Half-year ended 30th June, 1896.

THE EASTERN EXTENSION AUSTRALASIA AND CHINA TELEGRAPH COMPANY (LIMITED).

Directors.—The Most Hon. the Marquis of Tweeddale (Chairman), Francis Augustus Bevan, Esq., Sir Albert J. Leppoc Cappel, K.C.I.E., Charles William Earle, Esq., George Garden Nicol, Esq., John Denison Pender, Esq.

Manager and Secretary.—F. E. Hesse, Esq.

Offices.—Winchester House, 50, Old Broad Street, London, E.C.

REPORT and ACCOUNTS of the DIRECTORS for the Half-year ended 30th June, 1896, to be submitted to the Forty-sixth Half-yearly Ordinary General Meeting, to be held at Winchester House, 50, Old Broad Street, London, on Wednesday, the 28th October, 1896, at 2.30 o'clock.

1. THE usual statements of account for the half-year ended 30th June, 1896, are submitted herewith.

2. The gross receipts, including Government subsidies, have amounted during that period to £313,914 18s. 11d., against £264,138 10s. 5d. for the corresponding half-year of 1895.

3. The working-expenses, including £19,916 13s. 8d. for cost of repairs to cables and expenses of ships, absorb £87,256 3s. 9d., against £95,254 14s. for the corresponding period of 1895, leaving a balance of £226,658 15s. 2d. From this is deducted £4,028 8s. 6d. for income-tax, £20,000 transferred to the Fire Insurance Fund, £31,895 for interest on debentures, debenture stock, and contribution to sinking fund, leaving £170,735 6s. 8d. as the net profit for the half-year.

4. Two quarterly interim dividends of $1\frac{1}{4}$ per cent. each, amounting to £62,500, have been paid for the half-year, leaving £108,235 6s. 8d., of which £75,000 has been transferred to the General Reserve Fund, and the balance of £33,235 6s. 8d. is carried forward.

5. The working of the Australasian tariff arrangement for the fifth year of guarantee, ended the 30th April last, resulted in the guaranteed figure being again exceeded. This was due to the heavy gold-mining traffic with Western Australia during the past year.

6. In addition to the revision of the local rates referred to in the last report, and which took effect on the 1st July last, your directors have decided to make substantial reductions of tariff between India and China, Japan, &c., to come into force on the 1st January, 1897.

Reductions in most of the company's through rates were also agreed upon at the International Telegraph Conference recently held at Budapesth, several of which will come into force on the 1st January next, and the remainder on the 1st July, 1897. The immediate effect will undoubtedly be a falling-off of revenue, but it is hoped that in time the loss will be diminished by increase of business.

7. Your directors have the pleasure to report that the long-pending negotiations between the company, its partners in the China traffic—the Great Northern Telegraph Company—and the Chinese Telegraph Administration, for a friendly working arrangement, have at last been brought to a satisfactory conclusion. The arrangement not only restores amicable relations between the administration and the companies, but settles the troublesome question of exchange, from which the company has so severely suffered in the past, by enabling it to collect in Chinese currency a fair equivalent for its sterling charges. The agreement was ratified by all the interested Governments on the 31st July last, and brought into operation on the following day.

8. Your directors have to record with deep regret the death, on the 7th July last, of their esteemed colleague and chairman, Sir John Pender, G.C.M.G., who had presided over the affairs of the company since its inception. The satisfactory position which the company has attained is largely due to his untiring energy and devotion to its interests.

9. Your directors have appointed the acting chairman, the Most Hon. the Marquis of Tweeddale, chairman of the company. They have also appointed Mr. F. E. Hesse manager as well as secretary of the company.

TWEEDDALE, Chairman.

F. E. HESSE, Manager and Secretary.

Winchester House, 50, Old Broad Street, London, E.C.,
19th October, 1896.

REVENUE ACCOUNT FOR THE HALF-YEAR ENDED 30TH JUNE, 1896.

Dr.	£	s.	d.	Cr.	£	s.	d.
To General expenses in London (see Abstract A)	7,418	19	0	By Message and other receipts	290,058	3	11
General expenses at stations (see Abstract B)	52,203	4	9	Australian duplicate cable subsidy	16,200	0	0
Electrician's consulting-fee	50	0	0	Tasmanian cable subsidy	2,100	0	0
Directors' remuneration	2,000	0	0	Tonquin cable subsidy	5,300	0	0
Auditors' fees	100	0	0	Malacca cable subsidy	200	0	0
Staff endowment assurance	868	16	8	Transfer-fees	56	15	0
Staff Pension Fund	808	19	9				
Expenses in connection with various negotiations, &c.	389	9	11				
Repairs to cables (see Abstract C)	19,916	13	8				
Maintenance-ships' Reserve Fund	3,500	0	0				
Income-tax	4,028	8	6				
Fire Insurance Fund	20,000	0	0				
Interest and sinking fund on account of 5-per-cent. Australian subsidy debentures	25,495	0	0				
Interest on 4-per-cent. mortgage debenture stock	6,400	0	0				
Balance	170,735	6	8				
	<u>£313,914</u>	<u>18</u>	<u>11</u>				
First interim dividend of 1896, 2s. 6d. per share, paid 15th July, 1896	31,250	0	0				
Second interim dividend of 1896, 2s. 6d. per share, payable 15th October, 1896	31,250	0	0				
Amount carried to General Reserve Fund	75,000	0	0				
Balance	33,235	6	8				
	<u>£170,735</u>	<u>6</u>	<u>8</u>				
				Balance down	170,735	6	8
					<u>£170,735</u>	<u>6</u>	<u>8</u>

ABSTRACTS RELATING TO REVENUE ACCOUNT FOR THE HALF-YEAR ENDED 30TH JUNE, 1896.

Abstract A.

STATEMENT OF GENERAL EXPENSES IN LONDON.

	£	s.	d.
Salaries, including managing director's remuneration	4,316	14	8
Wages	218	9	4
Office expenses	1,049	7	0
Rent, taxes, &c.	1,080	1	4
Stationery and printing	293	19	0
Postage, bill, and other stamps	185	9	9
Advertising	121	4	4
Legal expenses	9	12	0
Repairs and renewals to furniture, &c.	144	1	7
Per Revenue Account	<u>£7,418</u>	<u>19</u>	<u>0</u>

Abstract B.

STATEMENT OF GENERAL EXPENSES AT STATIONS.

	£	s.	d.
Salaries and wages	31,529	5	5
Travelling-expenses	1,777	17	6
Rent, taxes, house-allowances	5,163	0	1
Expenses of electric-lighting	455	1	5
Provision and ration-allowances	755	7	5
Maintenance and renewals of instruments and electrical apparatus	3,994	4	8
Expenses of land-lines	466	1	5
Repairs and renewals of furniture, fittings, &c.	1,433	1	11
Repairs to buildings	1,676	15	5
Insurances	354	11	7
Stationery and printing	1,902	14	8
Office and message postages	172	11	8
Office and petty expenses	690	17	8
Medical attendance	459	6	9
Service messages	62	7	0
Expenses of Porthcurno School	250	0	0
Foreign agencies	170	16	8
Advertising	17	19	7
Messengers' uniforms	61	18	2
Income-tax	309	5	9
Guarantee of staff and bank balances abroad	500	0	0
Per Revenue Account	<u>£52,208</u>	<u>4</u>	<u>9</u>

Abstract C.

EXPENSES ATTENDING MAINTENANCE OF CABLES.		£	s.	d.
Expenses of s.s. "Sherard Osborn," during six months, including three days picking up cable .. .. .	.. .. .	6,288	12	6
Expenses of s.s. "Recorder," effecting numerous repairs, aggregating twenty-six days .. .. .	.. .. .	1,025	13	4
Expenses of s.s. "Recorder" during remainder of six months .. .. .	.. .. .	4,612	14	3
Cable expended on repairs, and sundry expenses of stations, after deducting value of picked-up cable .. .. .	.. .. .	1,440	3	2
Insurance of cable on board maintenance-ships .. .. .	.. .. .	1,031	12	7
Expenses of cable depot at Singapore .. .. .	.. .. .	1,958	16	11
Charter of Great Northern Company's maintenance-ship for repair of cables in the China seas, and agreed charge for call of ship .. .. .	.. .. .	1,720	0	0
Depreciation of cable stores .. .. .	.. .. .	1,839	0	11
Per Revenue Account .. .. .	.. .. .	£19,916	13	8

GENERAL RESERVE FUND, 30TH JUNE, 1896.

Dr.	£	s.	d.	Cr.	£	s.	d.
To Balance carried down	644,776	12	7	By Balance of Reserve Fund at 31st December, 1895	561,546	9	9
				Interest received during half-year	8,230	2	10
				Amount transferred from Revenue Account	75,000	0	0
	£644,776	12	7		£644,776	12	7
				Balance as per balance-sheet	£644,776	12	7

BALANCE-SHEET, 30TH JUNE, 1896.

Dr.	£	s.	d.	Cr.	£	s.	d.
To Capital—				By Capital expenditure, as per last account	2,832,334	0	0
300,000 shares of £10 each .. £3,000,000 0 0				Maintenance-ships, as per last account	66,449	14	10
Less 50,000 shares of £10 each, unissued	500,000	0	0		2,898,783	14	10
	2,500,000	0	0	Investments on account of reserve funds (see Abstract D)	789,950	3	3
5-per-cent. Australian subsidy debentures—				Trustees for 5-per-cent. Australian subsidy debentures	43,414	9	8
2,095 debentures of £100 each, as per last account	209,500	0	0	Spare cable and other stores	60,920	17	4
4-per-cent. mortgage debenture stock	320,000	0	0	Traffic and other debit balances	124,854	17	4
	3,029,500	0	0	Bills receivable	38,240	0	0
Reserve Funds—				Remittances in transit	16,200	0	0
General reserve	644,776	12	7	Cash at banker's and in hand	117,119	19	1
Maintenance-ships' reserve	81,196	2	1				
Insurance reserve for maintenance-ships and cables	84,328	18	9				
Sinking fund—Australian subsidy debentures	47,414	9	8				
Traffic and other credit balances	50,129	15	3				
Reserve for fire insurances, guarantees, &c.	49,418	1	11				
Debenture interest accrued and unpaid	5,167	3	1				
Proprietors for dividends—							
Unclaimed dividends	1,817	11	6				
First interim dividend of 2s. 6d. per share, paid 15th July, 1896	31,250	0	0				
Second interim dividend of 2s. 6d. per share, payable 15th October, 1896	31,250	0	0				
Revenue account balance	33,235	6	8				
	£4,089,484	1	6		£4,089,484	1	6

Audited and found correct.

London, 14th October, 1896.

DELOITTE, DEVER, GRIFFITHS, AND CO., } Auditors.
WELTON, JONES, AND CO., }

ABSTRACT D.

LIST OF INVESTMENTS ON ACCOUNT OF RESERVE FUNDS.

£		Government and Miscellaneous.	£	s.	d.
31,000	2½-per-cent. Consols	Costing	31,708	17	3
2,500	Chilian Government 4½-per-cent. converted loan	"	2,512	10	4
14,500	Eastern Extension Australasia and China Telegraph Company (Limited) 5-per-cent. Australian Government subsidy debentures	"	14,969	18	6
10,000	East London Waterworks 3-per-cent. debenture stock	"	10,576	8	6
1,500	Egyptian Government 3-per-cent. guaranteed bonds	"	1,429	1	0

£	Government and Miscellaneous—continued.	£	s.	d.
3,500	Globe Telegraph and Trust Company (Limited) 6-per-cent. pref. shares ..	5,374	13	0
5,000	Government Stock and other Securities Investment Company (Limited) 4-per-cent. debenture stock	5,200	9	10
15,000	India 3-per-cent. stock	13,859	11	3
25,000	Metropolitan Consolidated 3½-per-cent. stock	25,968	15	0
5,000	Pacific and European Telegraph Company (Limited) 4-per-cent. guaranteed debentures	5,100	0	0
5,000	Pacific and Oriental Steam Navigation Company 3½-per-cent. debenture stock ..	5,995	15	10
2,500	Southern Mahratta Railway (Limited) 4-per-cent. debenture stock ..	2,703	14	8

Colonial.

5,000	Barbados 3½-per-cent. inscribed stock (1942)	Costing	5,273	6	0
10,000	Canadian 3-per-cent. inscribed stock (1938)	"	9,962	7	10
9,000	Canadian Pacific Railway 5-per-cent. first mortgage debenture bonds (1915) ..	"	9,620	4	10
5,000	Cape of Good Hope Government 4-per-cent. inscribed stock 1882 (1923) ..	"	4,796	6	9
10,000	Cape of Good Hope Government 4-per-cent. con. inscribed stock (1916-36) ..	"	11,667	17	2
5,000	Ceylon Government 4-per-cent. inscribed stock (1934)	"	5,639	1	9
5,000	Ceylon Government 3-per-cent. inscribed stock (1940)	"	5,213	14	3
4,000	City of Sydney 5-per-cent. bonds (1904)	"	4,691	14	6
5,000	Metropolitan Gas Company of Melbourne 5-per-cent. debentures (1910-12) ..	"	5,563	17	6
5,000	Natal 4-per-cent. consolidated stock, inscribed 1887 (1937)	"	4,993	14	1
5,000	Natal 3½-per-cent. inscribed stock (1914-39)	"	5,313	6	0
10,000	New South Wales Government 4-per-cent. debentures (1908-10)	"	10,230	3	8
2,500	New South Wales Government 3-per-cent. inscribed stock (1935)	"	2,406	15	3
15,000	New South Wales Government 3½-per-cent. inscribed stock (1924)	"	14,429	14	8
5,000	New South Wales Government 4-per-cent. inscribed stock (1933)	"	5,394	15	1
5,000	New Zealand Government 3½-per-cent. inscribed stock (1940)	"	5,149	8	10
10,000	Queensland Government 4-per-cent. debentures (1913-15)	"	10,169	2	3
15,000	Queensland Government 4-per-cent. inscribed stock (1924)	"	15,732	19	8
10,000	South Australian Government 3½-per-cent. inscribed stock (1939)	"	10,035	2	6
5,000	Tasmanian Government 4-per-cent. debentures (1914)	"	5,050	1	11
5,000	Tasmanian Government 3½-per-cent. inscribed stock (1920-40)	"	5,130	13	10
13,500	Victorian Government 4½-per-cent. debentures (1904)	"	14,314	5	0
5,000	Victorian Government 4-per-cent. debenture bonds (1907)	"	5,050	1	11

American Railways.

8,400	Baltimore and Ohio Railroad Company 6-per-cent. sterling bonds 1874 (1910)	Costing	10,420	19	9
\$45,000	Baltimore and Ohio Railroad Company 5-per-cent. bonds 1885 (1925)	.. "	10,375	17	6
\$25,000	Central Railroad Company of N. Jersey 5-per-cent. gen. mort. coupon gold bonds (1887)	.. "	5,726	16	0
\$10,000	Cleveland and Pittsburg Railroad Company 4½-per-cent. gen. mort. gold bonds (1942)	.. "	2,295	15	0
\$50,000	Illinois Central Railroad Company 4-per-cent. Cairo Bridge gold bonds (1950)	.. "	10,075	3	0
£13,000	Illinois Central Railroad Company 4-per-cent. extended bonds (1951)	.. "	14,949	10	10
\$25,000	New York Central and Hudson River Railroad Company 4-per-cent. gold debenture certificates of 1890 (1905)	.. "	5,256	17	6
£10,000	Pennsylvania Railroad Company 3½-per-cent. consolidated mortgage sterling bonds (1945)	.. "	10,420	15	6
\$25,000	Pittsburg, Cincinnati, Chicago and St. Louis Railway Company 4½-per-cent. consolidated mortgage gold bonds (series A) (1940)	.. "	5,888	9	3

British Railway Debenture and Guaranteed Stocks.

£15,000	Caledonian Railway 4-per-cent. debenture stock	Costing	20,265	14	10
40,500	Forth Bridge Railway 4-per-cent. guaranteed debenture stock	"	46,548	5	1
15,000	Great Eastern Railway 4-per-cent. debenture stock	"	16,359	10	11
8,000	Great Eastern Railway 4-per-cent. consolidated irre. guaranteed stock ..	"	8,574	13	0
5,000	Great North of Scotland Railway 4-per-cent. debenture stock	"	7,487	17	4
20,000	Great Northern Railway 3-per-cent. debenture stock	"	23,073	0	6
5,000	Great Southern and Western Railway of Ireland 4-per-cent. deb. stock ..	"	7,025	18	2
8,500	Great Western Railway 5-per-cent. consolidated guaranteed stock	"	14,639	1	6
10,000	Great Western Railway 4-per-cent. debenture stock	"	15,829	7	0
20,000	Lancashire and Yorkshire Railway 3-per-cent. debenture stock	"	18,879	14	9
5,000	Lancashire and Yorkshire Railway 4-per-cent. consolidated guaranteed stock ..	"	5,516	10	0
10,000	London, Brighton, and S.C. Railway 4½-per-cent. perl. guar. deb. stock ..	"	13,180	2	9
7,000	London, Chatham, and Dover Railway 4½-per-cent. arbit. debenture stock ..	"	8,428	17	6
15,000	London and North-western Railway 4-per-cent. consolidated guar. stock ..	"	19,381	11	2
10,000	London and North-western Railway 3-per-cent. perl. debenture stock	"	11,814	7	0
20,000	London and South-western Railway 3-per-cent. con. debenture stock	"	23,532	6	9
5,500	London, Tilbury, and Southend Railway 4-per-cent. debenture stock	"	6,118	10	0
20,000	Metropolitan Railway 4-per-cent. debenture stock	"	21,989	7	8
5,110	Metropolitan District Railway 4½-per-cent. Fulham rent-charge stock ..	"	6,009	15	1
5,000	Metropolitan District Railway 4-per-cent. debenture stock	"	5,453	3	9
12,000	Metropolitan District Railway 4-per-cent. perl. guaranteed stock	"	12,308	10	10
5,000	Midland Railway 4-per-cent. perl. guaranteed preference stock	"	5,503	15	7
20,000	Midland Railway 3-per-cent. debenture stock	"	23,253	6	6
20,000	North British Railway 3-per-cent. debenture stock	"	16,449	12	9
5,000	North E. Railway W. Hartlepool 4-per-cent. preference stock	"	5,466	12	6
8,000	North E. Railway 4-per-cent. consolidated preference stock	"	8,748	6	3
10,000	North E. Railway 3-per-cent. debenture stock	"	9,707	8	3
4,000	South E. Railway 3-per-cent. perl. debenture stock	"	4,658	19	5
2,000	South E. Railway 4-per-cent. perl. debenture stock	"	3,083	16	8
4,000	West Cornwall Railway, Great Western, Bristol and Exeter, and South Devon Railways, 4½-per-cent. joint rent-charge stock	"	4,794	10	0
17,000	West Highland Railway 3-per-cent. guaranteed ord. stock	"	19,128	15	0

£789,950 3 3

FIVE-PER-CENT. AUSTRALIAN GOVERNMENT SUBSIDY DEBENTURES.

NUMBERS of 409 DEBENTURES of £100 each drawn on 1st April, 1896, for Payment at Messrs. Barclay and Co., 54, Lombard Street, E.C., on 1st July, 1896:—

17	475	937	1373	1872	2310	2828	3318	3756	4240	4763	5344	5805
21	479	939	1378	1895	2315	2839	3331	3766	4246	4774	5378	5858
26	494	946	1390	1899	2324	2840	3336	3767	4249	4782	5383	5860
29	523	947	1399	1917	2338	2841	3342	3793	4251	4787	5384	5881
41	530	958	1404	1919	2344	2849	3345	3839	4253	4796	5390	5932
52	559	959	1417	1923	2347	2857	3397	3849	4262	4808	5404	5953
69	563	977	1427	1941	2369	2882	3421	3888	4267	4816	5432	6000
90	566	978	1449	1958	2374	2883	3423	3890	4297	4870	5443	6027
99	590	994	1461	1963	2416	2925	3429	3894	4356	4934	5461	6040
102	614	1004	1464	1967	2418	2930	3440	3919	4360	4940	5466	6045
103	664	1013	1466	1973	2424	2931	3443	3927	4370	4945	5472	6113
116	677	1024	1473	1986	2431	2937	3478	3939	4381	4970	5484	6127
144	686	1025	1511	2003	2457	2965	3479	3941	4382	4982	5534	6153
155	690	1026	1572	2029	2470	2982	3483	3945	4385	4992	5538	6165
189	691	1051	1574	2037	2476	2999	3527	3967	4386	5038	5544	6176
200	711	1089	1590	2041	2497	3023	3541	3983	4399	5056	5546	6207
211	717	1098	1651	2052	2503	3027	3544	3985	4430	5092	5550	6221
214	734	1102	1677	2067	2507	3095	3548	4005	4482	5095	5560	6243
229	761	1104	1689	2085	2526	3096	3549	4009	4483	5100	5568	6253
285	778	1112	1706	2086	2541	3099	3615	4024	4533	5107	5583	6267
299	790	1116	1736	2095	2552	3111	3628	4038	4547	5111	5597	6274
310	811	1160	1738	2100	2576	3141	3645	4049	4548	5123	5600	6291
326	813	1167	1740	2102	2587	3153	3647	4066	4604	5160	5601	6302
350	817	1186	1743	2115	2601	3167	3650	4098	4609	5183	5633	6318
369	844	1190	1770	2188	2648	3210	3651	4078	4618	5214	5637	6321
387	860	1211	1773	2207	2657	3217	3659	4082	4632	5235	5680	6327
422	870	1231	1778	2226	2691	3231	3662	4201	4679	5241	5706	6345
431	872	1232	1788	2233	2699	3239	3701	4204	4684	5275	5727	6349
434	879	1308	1791	2261	2713	3263	3720	4226	4705	5278	5741	6351
435	883	1327	1821	2281	2722	3284	3731	4234	4725	5283	5765	6352
448	888	1357	1836	2282	2791	3313	3735	4235	4730	5306	5791	6365
465	896	1365	1837	2306	2822							

Half-year ended 31st December, 1896.

THE EASTERN EXTENSION AUSTRALASIA AND CHINA TELEGRAPH COMPANY (LIMITED).

Directors.—The Most Hon. the Marquis of Tweeddale (Chairman), Francis Augustus Bevan, Esq., Sir Albert J. Leppoc Cappel, K.C.I.E., Charles William Earle, Esq., the Hon. George Peel, John Denison Pender, Esq.

Manager and Secretary.—F. E. Hesse, Esq.

Offices.—Winchester House, 50, Old Broad Street, London, E.C.

REPORT and ACCOUNTS of the DIRECTORS for the Half-year ended 31st December, 1896, to be submitted to the Forty-seventh Half-yearly Ordinary General Meeting, to be held at Winchester House, No. 50, Old Broad Street, London, on Wednesday, the 28th April, 1897, at 2.30 o'clock.

1. THE usual statements of account for the half-year ended 31st December, 1896, are submitted herewith.

2. The gross receipts, including Government subsidies, have amounted during the half-year to £325,405 12s. 6d., against £311,582 10s. 11d. for the corresponding period of 1895.

3. The working and other expenses, including £36,055 19s. for cost of repairs to cables and expenses of ships, absorb £106,270 9s. 7d., against £84,044 6s. 4d. for the corresponding period of 1895, leaving a balance of £219,135 2s. 11d. From this is deducted £4,177 7s. 6d. for income-tax, £10,000 transferred to the Fire Insurance Fund, and £31,895 for interest on debentures, debenture stock, and contribution to sinking funds, leaving as the net profit for the half-year £173,062 15s. 5d., which, with £33,235 6s. 8d. brought forward from the previous half-year, shows an available balance of £206,298 2s. 1d.

4. One quarterly interim dividend of $1\frac{1}{4}$ per cent. has been paid for the half-year, and it is now proposed to distribute another of like amount on the 29th instant, making, with the interim dividends paid for the first half-year, a total dividend of 5 per cent. It is also proposed to pay a bonus of 4s. per share, or 2 per cent., making a total distribution of 7 per cent. for the year 1896, leaving £93,798 2s. 1d., of which £75,000 has been transferred to the General Reserve Fund, and the balance of £18,798 2s. 1d. is carried forward.

5. In accordance with the provisions of the trust deed dated the 10th May, 1879, 429 of the company's 5-per-cent. Australian Government subsidy debentures, amounting to £42,900, were drawn by lot on the 5th instant for payment at par on the 1st July next. The numbers of the drawn debentures are given at the end of this report.

6. An arrangement has been concluded with the Spanish Government for extending, on a subsidy basis, the company's system in the Philippine Islands, by the laying of three short cables between Luzon, Panay, Negros, and Cebu. As these cables will bring Iloilo (second only in commercial importance to Manila) into telegraphic communication with the rest of the world, it is expected that while proving of great advantage to the Government they will become feeders to the company's system.

7. A contract has also been entered into with the Dutch Government for the manufacture and laying on account of the Government of two short cables in Netherlands-India.

8. Your directors regret to have to record the death, on the 16th January last, of their esteemed colleague, George Garden Nicol, Esq., who has been connected with the company from its formation. The Hon. George Peel has been appointed to the vacant seat at the Board.

9. In accordance with the articles of association two of the directors, the Hon. George Peel and Francis Augustus Bevan, Esq., retire by rotation at this meeting, and, being eligible, offer themselves for re-election.

10. The auditors, Messrs. Deloitte, Dever, Griffiths and Co. and Messrs. Welton, Jones and Co. also retire and offer themselves for re-election.

TWEEDDALE, Chairman.

F. E. HESSE, Manager and Secretary.

Winchester House, 50, Old Broad Street, London, E.C.,
14th April, 1897.

REVENUE ACCOUNT FOR THE HALF-YEAR ENDED 31ST DECEMBER, 1896.

Dr.	£	s.	d.	Cr.	£	s.	d.
To General expenses in London (see Abstract A)	7,302	0	6	By Message and other receipts	301,595	6	4
General expenses at stations (see Abstract B)	50,918	1	8	Australian duplicate cable subsidies	16,200	0	0
Use of patents	9	0	10	Tasmanian cable subsidy	2,100	0	0
Electrician's consulting-fee	50	0	0	Tonquin cable subsidy	5,252	16	2
Directors' remuneration	2,000	0	0	Malacca cable subsidy	200	0	0
Auditors' fees	100	0	0	Transfer fees	57	10	0
Staff endowment assurance	871	12	10				
Staff Pension Fund	835	17	9				
Expenses in connection with Australian, Chinese, and Spanish negotiations, &c.	3,593	11	0				
Repairs to cables (see Abstract C)	36,055	19	0				
Japanese Relief Fund	50	0	0				
Expenses in connection with Budapesth Conference	984	6	0				
Maintenance-ships' reserve	3,500	0	0				
Income-tax	4,177	7	6				
Fire Insurance Fund	10,000	0	0				
Interest and sinking fund on account of 5-per-cent. Australian subsidy debentures	25,495	0	0				
Interest on 4-per-cent. mortgage debenture stock	6,400	0	0				
Balance	173,062	15	5				
	£325,405	12	6		£325,405	12	6
Third interim dividend of 1896, 2s. 6d. per share, paid 15th January, 1897	31,250	0	0	Balance down	173,062	15	5
Proposed final dividend of 2s. 6d. per share for 1896, payable 29th April, 1897	31,250	0	0	Balance of Revenue, 30th June, 1896	33,235	6	8
Proposed bonus of 4s. per share, payable 29th April, 1897	50,000	0	0				
Amount carried to General Reserve Fund	75,000	0	0				
Balance carried forward	18,798	2	1				
	£206,298	2	1		£206,298	2	1

ABSTRACTS RELATING TO REVENUE ACCOUNT FOR THE HALF-YEAR ENDED 31ST DECEMBER, 1896.

Abstract A.

STATEMENT OF GENERAL EXPENSES IN LONDON.						£	s.	d.
Salaries, including managing-director's remuneration	..	..	..	..	..	4,274	13	0
Wages	..	..	..	..	..	193	5	10
Office expenses	..	..	..	..	..	995	18	11
Rent, taxes, &c.	..	..	..	..	..	1,024	5	6
Stationery and printing	..	..	..	..	..	322	7	5
Postage, bill, and other stamps	..	..	..	..	..	190	16	10
Advertising	..	..	..	..	..	123	2	10
Legal expenses	..	..	..	..	..	22	16	1
Repairs and renewals to furniture, &c.	..	..	..	..	..	154	14	1
Per Revenue Account	..	..	..	..	..	£7,302	0	6

Abstract B.

STATEMENT OF GENERAL EXPENSES AT STATIONS.						£	s.	d.
Salaries and wages	..	..	..	..	..	31,941	3	3
Travelling-expenses	..	..	..	..	..	2,038	18	7
Rent, taxes, house-allowances	..	..	..	..	..	7,624	1	2
Expenses of electric lighting	..	..	..	..	..	263	1	1
Provision- and ration-allowances	..	..	..	..	..	686	18	2
Maintenance and renewals of instruments and electrical apparatus	..	..	..	..	..	1,756	17	7
Expenses of land-lines	..	..	..	..	..	98	11	1
Repairs and renewals of furniture, fittings, &c.	..	..	..	..	..	1,901	17	1
Repairs to buildings	..	..	..	..	..	816	14	9
Insurances	..	..	..	..	..	380	16	9
Stationery and printing	..	..	..	..	..	724	7	11
Office and message postages	..	..	..	..	..	177	1	8
Office and petty expenses	..	..	..	..	..	645	15	5
Medical attendance	..	..	..	..	..	582	7	1
Service messages	..	..	..	..	..	52	7	1
Expenses of Porthurno School	..	..	..	..	..	250	0	0
Foreign agencies	..	..	..	..	..	177	10	0
Advertising	..	..	..	..	..	54	13	3
Messengers' uniforms	..	..	..	..	..	63	15	3
Income-tax	..	..	..	..	..	181	4	6
Guarantee of staff and bank balances abroad	..	..	..	..	..	500	0	0
Per Revenue Account	..	..	..	..	..	£50,918	1	8

Abstract C.

EXPENSES ATTENDING MAINTENANCE OF CABLES.						£	s.	d.
Expenses of s.s. "Sherard Osborn," effecting numerous repairs, aggregating sixty days	..	..	..	..	..	2,467	14	2
Expenses of s.s. "Sherard Osborn" during remainder of six months	..	..	..	..	..	3,539	2	7
Expenses of s.s. "Recorder," effecting numerous repairs, aggregating 108 days	..	..	..	..	..	4,191	8	9
Expenses of s.s. "Recorder" during remainder of six months	..	..	..	..	..	2,366	13	7
Cable expended on repairs, and sundry expenses at stations, after deducting value of picked-up cable	..	..	..	..	..	6,695	8	8
Insurance of cable on board maintenance-ships	..	..	..	..	..	989	2	3
Expenses of cable depot at Singapore	..	..	..	..	..	4,119	11	3
Charter of Great Northern Company's maintenance-ship for repair of cables in the China seas, and agreed charge for call of ship	..	..	..	..	..	1,300	0	0
Depreciation of cable stores	..	..	..	..	..	2,045	5	5
Cost of duplexing Banjoewangie-Darwin, Singapore-Labuan-Hongkong, Sydney-Nelson, and Singapore-Batavia cables	..	..	..	..	..	8,841	12	4
Per Revenue Account	..	..	..	..	..	£36,055	19	0

GENERAL RESERVE FUND, 31ST DECEMBER, 1896.

Dr.	£	s.	d.	Cr.	£	s.	d.
To Balance carried down	..	..	729,193 6 3	By Balance of Reserve Fund at 30th June, 1896	..	..	644,776 12 7
				Interest received during half-year	..	..	9,416 13 8
				Amount transferred from Revenue Account	..	..	75,000 0 0
					..	..	£729,193 6 3
				Balance as per balance-sheet	..	..	£729,193 6 3

BALANCE-SHEET, 31ST DECEMBER, 1896.

Dr.			Cr.		
To Capital—	£	s. d.	By Capital expenditure,	£	s. d.
300,000 shares at			as per last account	£2,832,334	0 0
£10 each ..	£3,000,000	0 0	Add cost of new		
Less 50,000 of			offices at Singa-		
£10 each un-			pore ..	7,710	8 9
issued ..	500,000	0 0		2,840,044	8 9
	2,500,000	0 0			
5-per-cent. Australian subsidy debentures—			Less transferred		
2,095 debentures of			from Australian		
£100 each, as per			5-per-cent. sub-		
last account ..	£209,500	0 0	sidy debenture		
Less 409 debentures drawn 1st			sinking fund ..	40,900	0 0
April, 1896, for				2,799,144	8 9
payment 1st July,			Maintenance - ships, as per last		
1896 ..	40,900	0 0	account ..	66,449	14 10
	168,600	0 0		2,865,594	3 7
4-per-cent. mortgage debenture stock	320,000	0 0	Investments on account of reserve		
	2,988,600	0 0	funds (see Abstract D) ..	857,702	10 2
Reserve funds—			Trustees for 5-per-cent. Australian		
General Reserve Fund ..	729,193	6 3	subsidy debentures ..	14,738	16 3
Maintenance-ships' reserve ..	85,711	1 2	Spare cable and other stores ..	66,090	8 5
Insurance reserve for maintenance-			Traffic and other debit balances ..	119,239	8 0
ships and cables ..	90,261	8 9	Bills receivable ..	34,710	0 0
Reserve for fire insurance, guar-			Remittances in transit ..	15,000	0 0
antees, &c. ..	60,535	16 5	Cash at banker's and in hand ..	192,640	4 2
Sinking fund—Australian subsidy debentures ..	28,033	16 3			
Traffic and other credit balances ..	45,821	1 11			
Debenture interest accrued and unpaid ..	5,177	15 9			
Proprietors for dividends—					
Unclaimed dividends ..	1,083	2 0			
Third interim dividend of 2s. 6d. per share, paid 15th January, 1897..	31,250	0 0			
Proposed final dividend of 2s. 6d. per share, payable 29th April, 1897..	31,250	0 0			
Proposed bonus of 4s. per share, payable 29th April, 1897 ..	50,000	0 0			
Revenue Account balance ..	18,798	2 1			
	£4,165,715	10 7		£4,165,715	10 7

Audited and found correct.

London, 12th April, 1897.

DELOITTE, DEVER, GRIFFITHS, AND CO., } Auditors.
WELTON, JONES, AND CO., }

ABSTRACT D.

LIST OF INVESTMENTS ON ACCOUNT OF RESERVE FUNDS.

£	Government and Miscellaneous.	£	s.	d.
31,000	2½-per-cent. Consols	31,708	17	3
2,500	Chilian Government 4½-per-cent. converted loan	2,512	10	4
11,500	Eastern Extension Australasia and China Telegraph Company (Limited) 5-per-cent. Australian Government subsidy debentures	11,872	14	0
10,000	East London Waterworks 3-per-cent. debenture stock	10,576	8	6
1,500	Egyptian Government 3-per-cent. guaranteed bonds	1,429	1	0
3,500	Globe Telegraph and Trust Company (Limited) 6-per-cent. pref. shares	5,374	13	0
5,000	Government Stock Investment Trust Company 4-per-cent. debenture stock	5,200	9	10
15,000	India 3-per-cent. stock	13,859	11	3
25,000	Metropolitan Consolidated 3½-per-cent. stock	25,968	15	0
5,000	Pacific and European Telegraph Company (Limited) 4-per-cent. guaranteed debentures	5,100	0	0
5,000	Pacific and Oriental Steam Navigation Company 3½-per-cent. debenture stock	5,995	15	10
2,500	Southern Mahratta Railway (Limited) 4-per-cent. debenture stock	2,703	14	8

£	Colonial.	£	s.	d.
5,000	Barbados 3½-per-cent. inscribed stock (1942)	Costing	5,273	6 0
10,000	Canadian 3-per-cent. inscribed stock (1938)	"	9,962	7 10
9,000	Canadian Pacific Railway 5-per-cent. first mortgage debenture bonds (1915) ..	"	9,620	4 10
5,000	Cape of Good Hope Government 4-per-cent. inscribed stock 1882 (1923) ..	"	4,796	6 9
10,000	Cape of Good Hope Government 4-per-cent. con. inscribed stock (1916-36) ..	"	11,667	17 2
5,000	Ceylon Government 4-per-cent. inscribed stock (1934)	"	5,639	1 9
5,000	Ceylon Government 3-per-cent. inscribed stock (1940)	"	5,213	14 3
4,000	City of Sydney 5-per-cent. bonds (1904)	"	4,691	14 6
5,000	Metropolitan Gas Company of Melbourne 5-per-cent. debentures (1910-12) ..	"	5,563	17 6
5,000	Natal 4-per-cent. consolidated stock, inscribed 1887 (1937)	"	4,993	14 1
5,000	Natal 3½-per-cent. inscribed stock (1914-39)	"	5,313	6 0
10,000	New South Wales Government 4-per-cent. debentures (1908-10)	"	10,230	3 8
2,500	New South Wales Government 3-per-cent. inscribed stock (1935)	"	2,406	15 3
15,000	New South Wales Government 3½-per-cent. inscribed stock (1924) ..	"	14,429	14 8
5,000	New South Wales Government 4-per-cent. inscribed stock (1933)	"	5,394	15 1
5,000	New Zealand 3½-per-cent. inscribed stock (1940)	"	5,149	8 10
10,000	Queensland Government 4-per-cent. debentures (1913-15)	"	10,169	2 3
15,000	Queensland Government 4-per-cent. inscribed stock (1924)	"	15,732	19 8
10,000	South Australian Government 3½-per-cent. inscribed stock (1939)	"	10,085	2 6
5,000	Tasmanian Government 4-per-cent. debentures (1914)	"	5,050	1 11
5,000	Tasmanian Government 3½-per-cent. inscribed stock (1920-40)	"	5,180	13 10
13,500	Victorian Government 4½-per-cent. debentures (1904)	"	14,314	5 0
5,000	Victorian Government 4-per-cent. debenture bonds (1907)	"	5,050	1 11

American Railways.

8,400	Baltimore and Ohio Railroad Company 6-per-cent. sterling bonds 1874 (1910) ..	Costing	10,420	19 9
\$45,000	Baltimore and Ohio Railroad Company 5-per-cent. bonds 1885 (1925) ..	"	10,375	17 6
\$25,000	Central Railroad Company of N. Jersey 5-per-cent. gen. mort. coupon gold bonds (1937)	"	5,726	10 0
\$10,000	Cleveland and Pittsburgh Railroad Company 4½-per-cent. gen. mort. gold bonds (1942)	"	2,295	15 0
\$50,000	Illinois Central Railroad Company 4-per-cent. Cairo Bridge gold bonds (1950) ..	"	10,075	3 0
£13,000	Illinois Central Railroad Company 4-per-cent. extended bonds (1951) ..	"	14,949	10 10
\$25,000	New York Central and Hudson River Railroad Company 4-per-cent. gold debenture certificates of 1890 (1905)	"	5,256	17 6
£10,000	Pennsylvania Railroad Company 3½-per-cent. consolidated mortgage sterling bonds (1945)	"	10,420	15 6
\$25,000	Pittsburg, Cincinnati, Chicago and St. Louis Railway Company 4½-per-cent. consolidated mortgage gold bonds, series A (1940)	"	5,388	9 3

British Railway Debenture and Guaranteed Stocks.

£15,000	Caledonian Railway 4-per-cent. debenture stock	Costing	20,265	14 10
40,500	Forth Bridge Railway 4-per-cent. guaranteed debenture stock	"	46,548	5 1
15,000	Great Eastern Railway 4-per-cent. debenture stock	"	16,859	10 11
10,500	Great Eastern Railway 4-per-cent. consolidated irre. guaranteed stock	"	12,999	13 5
5,000	Great North of Scotland Railway 4-per-cent. debenture stock	"	7,487	17 4
20,000	Great Northern Railway 3-per-cent. debenture stock	"	23,073	0 6
2,000	Great Northern Railway 3-per-cent. preference stock	"	2,803	3 4
7,000	Great Northern Railway 4-per-cent. con. perp. pref. stock	"	10,670	8 7
5,000	Great Southern and Western Railway of Ireland 4-per-cent. debenture stock ..	"	7,625	18 2
13,500	Great Western Railway 5-per-cent. consolidated guaranteed stock	"	24,909	17 0
10,000	Great Western Railway 4-per-cent. debenture stock	"	15,829	7 0
5,000	Great Western Railway 5-per-cent. consolidated pref. stock	"	9,620	8 0
20,000	Lancashire and Yorkshire Railway 3-per-cent. debenture stock	"	18,879	14 9
5,000	Lancashire and Yorkshire Railway 4-per-cent. consolidated guaranteed stock ..	"	5,516	10 0
10,000	London, Brighton, and S.C. Railway 4½-per-cent. perl. guar. deb. stock ..	"	13,180	2 9
2,500	London, Brighton, and S.C. Railway 5-per-cent. con. first pref. stock	"	4,740	17 6
7,000	London, Chatham, and Dover Railway 4½-per-cent. arbit. debenture stock ..	"	8,428	17 6
25,000	London and North-western Railway 4-per-cent. consolidated guaranteed stock ..	"	34,886	12 4
10,000	London and North-western Railway 3-per-cent. perl. debenture stock	"	11,814	7 0
20,000	London and South-western Railway 3-per-cent. consolidated debenture stock ..	"	23,532	6 9
5,500	London, Tilbury, and Southend Railway 4-per-cent. debenture stock	"	6,118	10 0
20,000	Metropolitan Railway 4-per-cent. debenture stock	"	21,989	7 8
5,110	Metropolitan District Railway 4½-per-cent. Fulham rent-charge stock	"	6,009	15 1
5,000	Metropolitan District Railway 4-per-cent. debenture stock	"	5,453	3 9
12,000	Metropolitan District Railway 4-per-cent. perl. guaranteed stock	"	12,308	10 10
5,000	Midland Railway 4-per-cent. perl. guaranteed preference stock	"	5,503	15 7
1,500	Midland Railway 4-per-cent. consolidated perpetual rent-charge stock	"	2,310	9 9
20,000	Midland Railway 3-per-cent. debenture stock	"	23,253	6 6
20,000	North British Railway 3-per-cent. debenture stock	"	16,449	12 9
5,000	North-eastern Railway 4-per-cent. guaranteed stock	"	5,466	12 6
8,000	North-eastern Railway 4-per-cent. guaranteed stock	"	8,748	6 3
8,000	North-eastern Railway 4-per-cent. preference stock	"	12,203	7 2
10,000	North-eastern Railway 3-per-cent. debenture stock	"	9,707	8 3
4,000	South-eastern Railway 3-per-cent. perpetual debenture stock	"	4,568	19 5
2,000	South-eastern Railway 4-per-cent. perpetual debenture stock	"	3,083	16 8
4,000	West Cornwall Railway, Great Western, Bristol and Exeter, and South Devon Railways 4½-per-cent. joint rent-charge stock	"	4,794	10 0
17,000	West Highland Railway 3-per-cent. guaranteed ordinary stock	"	19,128	15 0

£857,702 10 2

FIVE-PER-CENT. AUSTRALIAN GOVERNMENT SUBSIDY DEBENTURES.

NUMBERS of 429 DEBENTURES of £100 each drawn on 5th April, 1897, for Payment at Messrs. Barclay and Co.'s, 54, Lombard Street, E.C., on the 1st July, 1897:—

11	525	983	1443	1937	2385	2990	3655	4023	4439	4985	5453	6014
50	529	992	1497	1940	2392	2996	3656	4035	4440	5013	5494	6033
66	537	993	1502	1952	2407	3028	3658	4039	4473	5017	5504	6035
83	541	1005	1504	1957	2414	3048	3660	4043	4477	5024	5553	6043
108	554	1019	1512	1962	2419	3072	3674	4071	4479	5039	5569	6057
122	556	1027	1526	1974	2439	3076	3680	4074	4489	5042	5576	6080
126	557	1030	1531	1977	2446	3133	3687	4094	4512	5044	5616	6095
130	619	1057	1541	2004	2452	3173	3691	4108	4573	5045	5621	6098
131	622	1064	1568	2009	2518	3230	3714	4126	4575	5053	5651	6112
138	651	1085	1578	2055	2553	3240	3725	4129	4588	5062	5656	6121
139	693	1088	1580	2068	2559	3275	3737	4131	4597	5079	5668	6133
154	701	1091	1581	2069	2562	3283	3750	4133	4606	5106	5696	6152
153	705	1105	1591	2074	2610	3299	3773	4158	4607	5108	5714	6174
178	723	1118	1620	2076	2612	3321	3785	4163	4620	5119	5728	6186
192	733	1132	1698	2092	2623	3335	3787	4170	4628	5129	5731	6192
196	749	1151	1751	2110	2632	3339	3789	4173	4694	5146	5742	6199
197	754	1162	1757	2120	2678	3346	3796	4197	4716	5165	5757	6200
206	765	1168	1771	2145	2695	3365	3813	4203	4720	5172	5781	6211
209	789	1185	1795	2150	2709	3374	3820	4205	4733	5173	5786	6263
210	812	1192	1797	2152	2717	3424	3852	4223	4757	5185	5806	6268
231	814	1226	1800	2163	2773	3426	3877	4284	4761	5197	5814	6269
245	834	1232	1819	2210	2853	3432	3909	4291	4785	5208	5818	6276
265	845	1233	1839	2215	2855	3496	3915	4306	4800	5220	5883	6278
302	853	1236	1847	2224	2892	3498	3917	4308	4807	5234	5884	6288
322	859	1275	1854	2253	2895	3511	3930	4310	4813	5243	5911	6308
333	861	1290	1874	2263	2898	3552	3936	4320	4820	5325	5914	6317
334	866	1293	1875	2269	2918	3565	3947	4328	4866	5346	5917	6322
345	871	1355	1896	2290	2932	3567	3949	4359	4919	5358	5929	6330
370	881	1368	1900	2323	2949	3582	3964	4375	4926	5371	5935	6353
395	893	1371	1906	2341	2966	3598	3986	4376	4928	5386	5937	6363
444	928	1384	1908	2363	2969	3612	3991	4404	4939	5415	5951	6364
474	966	1391	1927	2372	2980	3616	4002	4428	4941	5440	5986	6368
524.	968	1436	1933	2383	2981	3644	4022	4434	4946	5442	5991	6382

Half-year ended 30th June, 1897.

THE EASTERN EXTENSION AUSTRALASIA AND CHINA TELEGRAPH COMPANY (LIMITED).

Directors.—The Most Hon. the Marquis of Tweeddale (Chairman), Francis Augustus Bevan, Esq., Sir Albert J. Leppoc Cappel, K.C.I.E., Clement S. Colvin, Esq., C.S.I., the Hon. George Peel, John Denison Pender, Esq.

Manager and Secretary.—F. E. Hesse, Esq.

Offices.—Winchester House, 50, Old Broad Street, London, E.C.

REPORT and ACCOUNTS of the DIRECTORS for the Half-year ended 30th June, 1897, to be submitted to the Forty-eighth Half-yearly Ordinary General Meeting, to be held at Winchester House, 50, Old Broad Street, London, on Wednesday, the 27th October, 1897, at 2.30 o'clock.

1. THE usual statements of account for the half-year ended the 30th June, 1897, are submitted herewith.

2. The gross receipts, including Government subsidies, have amounted during that period to £290,749 2s. 2d., against £313,914 18s. 11d. for the corresponding half-year of 1896.

3. The working expenses, including £25,839 19s. for cost of repairs to cables and expenses of ships, absorb £99,425 17s. 4d., against £87,256 3s. 9d. for the corresponding period of 1896, leaving a balance of £191,323 4s. 10d. From this is deducted £4,308 10s. 8d. for income-tax, £31,895 for interest on debentures, debenture stock, and contribution to sinking fund, and £1,605 for special donations as shown in the Revenue Account, leaving £153,514 14s. 2d. as the net profit for the half-year, which, with £18,798 2s. 1d. brought forward from the previous half-year, shows an available balance of £172,312 16s. 3d.

4. Two quarterly interim dividends of $1\frac{1}{4}$ per cent. each, amounting to £62,500, have been paid for the half-year, leaving £109,812 16s. 3d., of which £75,000 has been transferred to the General Reserve Fund, and the balance of £34,812 16s. 3d. is carried forward.

5. The Government of Queensland having decided to join the other Australasian governments in the guarantee arrangements entered into with the company, the tariff between Queensland and Europe was reduced on the 1st July last from 9s. 5d. to 5s. 1d. per word.

From the same date the reductions of tariff announced for China, Japan, Straits Settlement, &c., were also brought into force.

6. The contract made with the Dutch Government for the manufacture and laying, on account of that government, of two short cables in Netherlands-Indian waters was satisfactorily completed during the half-year under review.

7. Your directors have to record with deep regret the death, on the 7th June last, of their esteemed and valued colleague, Charles William Earle, Esq., who had been connected with the company since its formation. Clement Sneyd Colvin, Esq., C.S.I., has been appointed to the vacant seat at the Board.

TWEEDDALE, Chairman.

F. E. HESSE, Manager and Secretary.

Winchester House, 50, Old Broad Street, London, E.C.,
19th October, 1897.

REVENUE ACCOUNT FOR THE HALF-YEAR ENDED 30TH JUNE, 1897.

Dr.	£	s.	d.	Cr.	£	s.	d.
To General expenses in London (see Abstract A)	7,524	12	0	By Message and other receipts	266,960	1	5
General expenses at stations (see Abstract B)	54,840	19	5	Australian duplicate cable subsidies	16,200	0	0
Electrician's consulting-fee	50	0	0	Tasmanian cable subsidy	2,100	0	0
Use of patents	275	0	0	Tonquin cable subsidy	5,228	18	3
Directors' remuneration	2,000	0	0	Malacca cable subsidy	200	0	0
Auditors' fees	100	0	0	Transfer-fees	60	2	6
Staff endowment assurance	647	8	6				
Staff Pension Fund	1,291	19	6				
Expenses in connection with various negotiations, &c.	3,355	18	11				
Repairs to cables (see Abstract C)	25,839	19	0				
Maintenance-ships' Reserve Fund	3,500	0	0				
Income-tax	4,308	10	8				
Interest and sinking fund on account of 5-per-cent. Australian subsidy debentures	25,495	0	0				
Interest on 4-per-cent. mortgage debenture stock	6,400	0	0				
International Submarine Telegraph Memorial	1,000	0	0				
Indian Famine Fund	500	0	0				
Prince of Wales' Hospital Fund	105	0	0				
Balance	153,514	14	2				
	<u>£290,749</u>	<u>2</u>	<u>2</u>		<u>£290,749</u>	<u>2</u>	<u>2</u>
First interim dividend of 1897, 2s. 6d. per share, paid 15th July, 1897	31,250	0	0	Balance down	153,514	14	2
Second interim dividend of 1897, 2s. 6d. per share, paid 15th October, 1897	31,250	0	0	Balance from Revenue Account, 31st December, 1896	18,798	2	1
Amount carried to General Reserve Fund	75,000	0	0				
Balance	34,812	16	3				
	<u>£172,312</u>	<u>16</u>	<u>3</u>		<u>£172,312</u>	<u>16</u>	<u>3</u>

ABSTRACTS RELATING TO REVENUE ACCOUNT FOR THE HALF-YEAR ENDED 30TH JUNE, 1897.

Abstract A.

STATEMENT OF GENERAL EXPENSES IN LONDON.				£	s.	d.
Salaries	..	..	..	4,275	4	5
Wages	..	..	..	227	4	9
Office expenses	..	..	..	1,036	6	6
Rent, taxes, &c.	..	..	..	1,002	12	7
Stationery and printing	..	..	..	350	19	3
Postage, bill, and other stamps	..	..	..	207	19	0
Advertising	..	..	..	106	17	0
Legal expenses	..	..	..	26	19	8
Repairs and renewals to furniture, &c.	..	..	..	290	8	10
Per Revenue Account	..	..	..	<u>£7,524</u>	<u>12</u>	<u>0</u>

Abstract B.

STATEMENT OF GENERAL EXPENSES AT STATIONS.				£	s.	d.
Salaries and wages	..	..	..	33,843	14	8
Travelling-expenses	..	..	..	3,028	0	8
Rent, taxes, house-allowances, &c.	..	..	..	8,312	8	4
Expenses of electric lighting	..	..	..	501	4	8
Provision- and ration-allowances	..	..	..	729	3	2
Maintenance and renewals of instruments and electrical apparatus	..	..	..	906	19	2
Expenses of land-lines	..	..	..	142	8	10
Repairs and renewals of furniture, fittings, &c.	..	..	..	1,045	14	8
Repairs to buildings	..	..	..	1,675	7	3
Insurances	..	..	..	440	6	7
Stationery and printing	..	..	..	1,582	0	0
Office and message postages	..	..	..	197	13	2
Office and petty expenses	..	..	..	684	6	7
Medical attendance	..	..	..	531	12	8
Service messages	..	..	..	41	11	4
Expenses of Porthcurno School	..	..	..	250	0	0
Foreign agencies	..	..	..	190	16	8
Advertising	..	..	..	26	17	10
Messengers' uniforms	..	..	..	87	10	2
Income-tax	..	..	..	123	3	0
Guarantee of staff and bank balances abroad	..	..	..	500	0	0
Per Revenue Account	..	..	..	<u>£54,840</u>	<u>19</u>	<u>5</u>

Abstract C.

EXPENSES ATTENDING MAINTENANCE OF CABLES.

	£	s.	d.
Expenses of s.s. "Sherard Osborn," effecting numerous repairs, aggregating sixty-nine days, after deducting expenses of ship whilst engaged on charter by the Netherlands-Indian Government	1,351	7	4
Expenses of s.s. "Sherard Osborn" during remainder of six months	3,938	15	7
Expenses of s.s. "Recorder," effecting numerous repairs, aggregating fifty-one days, after deducting expenses of ship whilst engaged on charter by the Netherlands-Indian Government	1,157	5	4
Expenses of s.s. "Recorder" during remainder of six months	3,852	18	6
Cable expended on repairs, and sundry expenses at stations, after deducting value of picked-up cable	4,431	9	6
Insurance of cable on board maintenance-ships	1,493	16	4
Expenses of cable depot at Singapore	4,997	19	2
Agreed charge for call of Great Northern Company's maintenance-ship for repair of cables in the China seas	1,000	0	0
Depreciation of cable stores	3,616	7	3
Per Revenue Account	£25,839	19	0

GENERAL RESERVE FUND, 30TH JUNE, 1897.

Dr.	£	s.	d.	Cr.	£	s.	d.
To Balance carried down	815,316	8	8	By Balance of Reserve Fund at 31st December, 1896	729,193	6	3
				Interest received during half-year	11,123	2	5
				Amount transferred from Revenue Account	75,000	0	0
	£815,316	8	8		£815,316	8	8
				Balance as per balance-sheet	£815,316	8	8

BALANCE-SHEET, 30TH JUNE, 1897.

Dr.	£	s.	d.	Cr.	£	s.	d.
To Capital—				By Capital expenditure,			
300,000 shares of £10 each .. £3,000,000 0 0				as per last account £2,865,594 3 7			
Less 50,000 shares of £10 each, unissued .. 500,000 0 0				Add cost of land and buildings in Labuan .. 602 14 4			
	2,500,000	0	0		2,866,196	17	11
5-per-cent. Australian subsidy debentures—				Investments on account of reserve funds (see Abstract D)	909,067	19	4
1,686 debentures of £100 each, as per last account	168,600	0	0	Trustees for 5-per-cent. Australian subsidy debentures	45,584	12	4
4-per-cent. mortgage debenture stock	320,000	0	0	Spare cable and other stores	128,766	13	7
	2,988,600	0	0	Traffic and other debit balances	124,035	17	2
Reserve funds—				Bills receivable	32,700	0	0
General Reserve Fund	815,316	8	8	Remittances in transit	18,500	0	0
Maintenance-ships' Reserve Fund	90,282	8	11	Cash at banker's and in hand	110,809	7	0
Insurance reserve for maintenance-ships and cables	91,583	5	0				
Reserve for fire insurances, guarantees, &c.	64,550	19	6				
Sinking fund—Australian subsidy debentures	49,584	12	4				
Traffic and other credit balances	31,570	17	3				
Debenture interest accrued and unpaid	5,183	7	11				
Proprietors for dividends—							
Unclaimed dividends	1,676	11	6				
First interim dividend of 2s. 6d. per share, paid 15th July, 1897	31,250	0	0				
Second interim dividend of 2s. 6d. per share, payable 15th October, 1897	31,250	0	0				
Revenue account balance	34,812	16	3				
	£4,235,661	7	4		£4,235,661	7	4

Audited and found correct.

DELOITTE, DEVER, GRIFFITHS, AND CO., } Auditors.
WELTON, JONES, AND CO., }

London, 18th October, 1897.

ABSTRACT D.

LIST OF INVESTMENTS ON ACCOUNT OF RESERVE FUNDS.

		<i>Government and Miscellaneous.</i>					
£				£	s.	d.	
31,000	2½-per-cent. Consols	..	..	Costing	31,708	17	3
2,500	Chilian Government 4½-per-cent. converted loan	..	..	"	2,512	10	4
11,000	Eastern Extension Australasia and China Telegraph Company (Limited)	..	..	"			
	5-per-cent. Australian Government subsidy debentures	..	..	"	11,872	14	0
10,000	East London Waterworks 3-per-cent. debenture stock	..	..	"	10,576	8	6
1,500	Egyptian Government 3-per-cent. guaranteed bonds	..	..	"	1,429	1	0
3,500	Globe Telegraph and Trust Company (Limited) 6-per-cent. pref. shares	..	..	"	5,374	13	0
5,000	Governments Stock and other Securities Investment Trust Company	..	..	"			
	(Limited) 4-per-cent. debenture stock	..	..	"	5,200	9	10
15,000	India 3-per-cent. stock	..	..	"	13,859	11	3
25,000	Metropolitan Consolidated 3½-per-cent. stock	..	..	"	25,968	15	0
10,000	New River Company 3-per-cent. debenture stock	..	..	"	10,716	18	9
5,000	Pacific and European Telegraph Company (Limited) 4-per-cent. guaranteed	..	..	"			
	debentures	..	..	"	5,100	0	0
5,000	Pacific and Oriental Steam Navigation Company 3½-per-cent. debenture stock	..	..	"	5,995	15	10
2,500	Southern Mahratta Railway (Limited) 4-per-cent. debenture stock	..	..	"	2,703	14	8
<i>Colonial.</i>							
5,000	Barbados 3½-per-cent. inscribed stock (1942)	..	..	Costing	5,273	6	0
10,000	Canadian 3-per-cent. inscribed stock (1938)	..	..	"	9,962	7	10
9,000	Canadian Pacific Railway 5-per-cent. first mortgage debenture bonds (1915)	..	..	"	9,620	4	10
5,000	Cape of Good Hope Government 4-per-cent. inscribed stock 1882 (1923)	..	..	"	4,796	6	9
10,000	Cape of Good Hope Government 4-per-cent. con. inscribed stock (1916-36)	..	..	"	11,667	17	2
5,000	Ceylon Government 4-per-cent. inscribed stock (1934)	..	..	"	5,639	1	9
5,000	Ceylon Government 3-per-cent. inscribed stock (1940)	..	..	"	5,213	14	3
4,000	City of Sydney 5-per-cent. bonds (1904)	..	..	"	4,691	14	6
5,000	Metropolitan Gas Company of Melbourne 5-per-cent. debentures (1910-12)	..	..	"	5,563	17	6
5,000	Natal 4-per-cent. consolidated stock, inscribed 1887 (1937)	..	..	"	4,993	14	1
5,000	Natal 3½-per-cent. inscribed stock (1914-39)	..	..	"	5,313	6	0
10,000	New South Wales Government 4-per-cent. debentures (1908-10)	..	..	"	10,230	3	8
2,500	New South Wales Government 3-per-cent. inscribed stock (1935)	..	..	"	2,406	15	3
15,000	New South Wales Government 3½-per-cent. inscribed stock (1924)	..	..	"	14,429	14	8
5,000	New South Wales Government 4-per-cent. inscribed stock (1933)	..	..	"	5,394	15	1
5,000	New Zealand Government 3½-per-cent. inscribed stock (1940)	..	..	"	5,149	8	10
10,000	Queensland Government 4-per-cent. debentures (1913-15)	..	..	"	10,169	2	3
15,000	Queensland Government 4-per-cent. inscribed stock (1924)	..	..	"	15,732	19	8
10,000	South Australian Government 3½-per-cent. inscribed stock (1939)	..	..	"	10,035	2	6
5,000	Tasmanian Government 4-per-cent. debentures (1914)	..	..	"	5,050	1	11
5,000	Tasmanian Government 3½-per-cent. inscribed stock (1920-40)	..	..	"	5,130	13	10
13,500	Victorian Government 4½-per-cent. debentures (1904)	..	..	"	14,814	5	0
5,000	Victorian Government 4-per-cent. debenture bonds (1907)	..	..	"	5,050	1	11
<i>American Railways.</i>							
8,400	Baltimore and Ohio Railroad Company 6-per-cent. sterling bonds 1874 (1910)	..	..	Costing	10,420	19	9
\$45,000	Baltimore and Ohio Railroad Company 5-per-cent. bonds 1885 (1925)	..	..	"	10,875	17	6
\$25,000	Central Railroad Company of N. Jersey 5-per-cent. gen. mort. coupon gold	..	..	"			
	bonds (1937)	..	..	"	5,726	16	0
\$10,000	Cleveland and Pittsburg Railroad Company 4½-per-cent. gen. mort. gold	..	..	"			
	bonds (1942)	..	..	"	2,295	15	0
\$50,000	Illinois Central Railroad Company 4-per-cent. Cairo Bridge gold bonds (1950)	..	..	"	10,075	3	0
\$13,000	Illinois Central Railroad Company 4-per-cent. extended bonds (1951)	..	..	"	14,949	10	10
\$25,000	New York Central and Hudson River Railroad Company 4-per-cent. gold	..	..	"			
	debenture certificates of 1890 (1905)	..	..	"	5,256	17	6
\$10,000	Pennsylvania Railroad Company 3½-per-cent. consolidated mortgage sterling	..	..	"			
	bonds (1945)	..	..	"	10,420	15	6
\$25,000	Pittsburg, Cincinnati, Chicago, and St. Louis Railway Company 4½-per-cent.	..	..	"			
	consolidated mortgage gold bonds, series A (1940)	..	..	"	5,388	9	3
<i>British Railway Debenture, Preference and Guaranteed Stocks.</i>							
\$15,000	Caledonian Railway 4-per-cent. debenture stock	..	..	Costing	20,265	14	10
36,000	Forth Bridge Railway 4-per-cent. guaranteed stock	..	..	"	42,267	7	6
8,500	Forth Bridge Railway 4-per-cent. debenture stock	..	..	"	10,246	16	1
15,000	Great Eastern Railway 4-per-cent. debenture stock	..	..	"	16,359	10	11
10,500	Great Eastern Railway 4-per-cent. consolidated irre. guaranteed stock	..	..	"	12,399	13	5
5,000	Great North of Scotland Railway 4-per-cent. debenture stock	..	..	"	7,487	17	4
20,000	Great Northern Railway 3 per-cent. debenture stock	..	..	"	23,073	0	6
2,000	Great Northern Railway 3-per-cent. preference stock	..	..	"	2,303	3	4
7,000	Great Northern Railway 4-per-cent. consolidated perp. preference stock	..	..	"	10,670	8	7
5,000	Great Southern and Western Railway of Ireland 4-per-cent. debenture stock	..	..	"	7,625	18	2
13,500	Great Western Railway 5-per-cent. consolidated guaranteed stock	..	..	"	24,309	17	0
10,000	Great Western Railway 4-per-cent. debenture stock	..	..	"	15,829	7	0
5,000	Great Western Railway 5-per-cent. consolidated preference stock	..	..	"	9,620	8	0
10,000	Hull, Barnsley, and West Riding Junction Railway and Dock Company	..	..	"			
	3-per-cent. first debenture stock (1889)	..	..	"	11,098	10	7
15,000	Hull, Barnsley, and West Riding Junction Railway and Dock Company	..	..	"			
	3- and 4-per-cent. second debenture stock (1889)	..	..	"	18,867	12	11
20,000	Lancashire and Yorkshire Railway 3-per-cent. debenture stock	..	..	"	18,879	14	9
5,000	Lancashire and Yorkshire Railway 4-per-cent. consolidated guaranteed stock	..	..	"	5,516	10	0
10,000	London, Brighton, and S. C. Railway 4½-per-cent. perl. guar. deb. stock	..	..	"	13,180	2	9
2,500	London, Brighton, and S. C. Railway 5-per-cent. con. first pref. stock	..	..	"	4,740	17	6
7,000	London, Chatham, and Dover Railway 4½-per-cent. arbit. debenture stock	..	..	"	8,428	17	6
25,000	London and North-western Railway 4-per-cent. consolidated guar. stock	..	..	"	34,886	12	4
10,000	London and North-western Railway 3 per-cent. perl. debenture stock	..	..	"	11,814	7	0
20,000	London and South-western Railway 3-per-cent. consolidated debenture stock	..	..	"	23,532	6	9
5,500	London, Tilbury, and Southend Railway 4-per-cent. debenture stock	..	..	"	6,118	10	0

£	British Railway Debenture, Preference and Guaranteed Stock—continued.			£	s.	d.
20,000	Metropolitan Railway 4-per-cent. debenture stock	..	..	21,989	7	8
8,110	Metropolitan District Railway 4½ per-cent. Fulham rent-charge stock	..	..	10,726	3	6
5,000	Metropolitan District Railway 4 per-cent. debenture stock	..	..	5,453	3	9
12,000	Metropolitan District Railway 4-per-cent. perl. guar. stock	..	..	12,308	10	10
5,000	Midland Railway 4-per-cent. perl. guar. pref. stock	..	..	5,503	15	7
1,500	Midland Railway 4-per-cent. consolidated perpetual rent-charge stock	..	..	2,310	9	9
20,000	Midland Railway 3-per-cent. debenture stock	..	..	23,253	6	6
20,000	North British Railway 3-per-cent. debenture stock	..	..	16,449	12	9
13,000	North-eastern Railway 4-per-cent. guaranteed stock	..	..	14,214	18	9
8,000	North-eastern Railway 4-per-cent. preference stock	..	..	12,203	7	2
10,000	North-eastern Railway 3 per-cent. debenture stock	..	..	9,707	8	3
4,000	South-eastern Railway 3-per-cent. perpetual debenture stock	..	..	4,658	19	5
2,000	South eastern Railway 4 per-cent. perpetual debenture stock	..	..	3,083	16	8
4,000	West Cornwall Railway, Great Western, Bristol and Exeter, and South Devon Railways 4½-per-cent. joint rent-charge stock	..	..	4,794	10	0
17,000	West Highland Railway 3-per-cent. guaranteed ordinary stock	..	..	19,128	15	0
				£909,067	19	4

FIVE-PER-CENT. AUSTRALIAN GOVERNMENT SUBSIDY DEBENTURES.

NUMBERS of 429 DEBENTURES of £100 each drawn on 5th April, 1897, for Payment at Messrs. Barclay and Co., 54, Lombard Street, E.C., on the 1st July, 1897:—

11	525	983	1443	1937	2385	2990	3655	4023	4439	4985	5453	6014
50	529	992	1497	1940	2392	2996	3656	4035	4440	5013	5494	6033
66	537	993	1502	1952	2407	3028	3658	4039	4473	5017	5504	6035
83	541	1005	1504	1957	2414	3048	3660	4043	4477	5024	5553	6043
108	554	1019	1512	1962	2419	3072	3674	4071	4479	5039	5569	6057
122	556	1027	1526	1974	2439	3076	3680	4074	4489	5042	5576	6080
126	557	1030	1531	1977	2446	3133	3687	4094	4512	5044	5616	6095
130	619	1057	1541	2004	2452	3173	3691	4108	4573	5045	5621	6098
131	622	1064	1568	2009	2518	3230	3714	4126	4575	5053	5651	6112
	651	1085	1578	2055	2553	3240	3725	4129	4588	5062	5656	6121
138	693	1088	1580	2068	2559	3275	3737	4131	4597	5079	5668	6133
154	701	1091	1581	2069	2562	3283	3750	4133	4606	5106	5696	6152
155	705	1105	1591	2074	2610	3299	3773	4158	4607	5108	5714	6174
178	723	1118	1620	2076	2612	3321	3785	4163	4620	5119	5728	6186
192	733	1132	1698	2092	2623	3335	3787	4170	4628	5129	5731	6192
196	749	1151	1751	2110	2632	3339	3789	4173	4694	5146	5742	6199
197	754	1162	1757	2120	2678	3346	3796	4197	4716	5165	5757	6200
206	765	1168	1771	2145	2695	3365	3813	4203	4720	5172	5781	6211
209	789	1185	1795	2150	2709	3374	3820	4205	4733	5173	5786	6263
210	812	1192	1797	2152	2717	3424	3852	4223	4757	5185	5806	6268
231	814	1226	1800	2163	2773	3426	3877	4234	4761	5197	5814	6269
245	834	1232	1819	2210	2853	3432	3909	4291	4785	5208	5818	6276
265	845	1233	1839	2215	2855	3496	3915	4306	4800	5220	5883	6278
302	853	1236	1847	2224	2892	3498	3917	4308	4807	5234	5884	6298
322	859	1275	1854	2253	2895	3511	3930	4310	4813	5243	5911	6308
333	861	1290	1874	2263	2898	3552	3936	4320	4820	5325	5914	6317
334	866	1293	1875	2269	2918	3565	3947	4328	4866	5346	5917	6322
345	871	1355	1896	2290	2932	3567	3949	4359	4919	5358	5929	6330
370	881	1368	1900	2323	2949	3582	3964	4375	4926	5371	5935	6353
395	893	1371	1906	2341	2966	3598	3986	4376	4928	5386	5937	6363
444	28	1384	1908	2363	2969	3612	3991	4404	4939	5415	5951	6364
474	66	1391	1927	2372	2980	3616	4002	4428	4941	5440	5986	6368
524	68	1436	1933	2383	2981	3644	4022	4434	4946	5442	5991	6382

Half-year ended 31st December, 1897.

THE EASTERN EXTENSION AUSTRALASIA AND CHINA TELEGRAPH COMPANY (LIMITED).

Directors.—The Most Hon. the Marquis of Tweeddale (Chairman), Francis Augustus Bevan, Esq., Sir Albert J. Leppoc Cappel, K.C.I.E., Clement S. Colvin, Esq., C.S.I., the Hon. George Peel, John Denison Pender, Esq.

Manager and Secretary.—F. E. Hesse, Esq.

Offices.—Winchester House, 50, Old Broad Street, London, E.C.

REPORT and ACCOUNTS of the DIRECTORS for the Half-year ended 31st December, 1897, to be submitted to the Forty-ninth Half-yearly Ordinary General Meeting, to be held at Winchester House, No. 50, Old Broad Street, London, on Wednesday, the 11th May, 1898, at 2.30 o'clock.

1. THE usual statements of account for the half-year ended the 31st December, 1897, are submitted herewith.

2. The gross receipts, including Government subsidies, have amounted during the half-year to £275,142 7s. 2d., against £325,405 12s. 6d. for the corresponding period of 1896. This large decrease is due to the reductions of tariff brought into force during the past year, and the falling-off of Australasian traffic.

3. The working and other expenses, including £30,956 8s. 6d. for cost of repairs to cables and expenses of ships, absorb £102,844 13s. 10d., against £106,270 9s. 7d. for the corresponding period of 1896, leaving a balance of £172,297 13s. 4d. From this is deducted £4,559 2s. for income-tax, £32,606 13s. 9d. for interest on debentures, debenture stock, and contribution to sinking fund, &c., leaving as the net profit for the half-year £135,131 17s. 7d., which, with £34,812 16s. 3d. brought forward from the previous half-year, shows an available balance of £169,944 13s. 10d.

4. One quarterly interim dividend of $1\frac{1}{4}$ per cent. has been paid for the half-year, and it is now proposed to distribute another of like amount on the 12th proximo, making, with the interim dividends paid for the first half-year, a total dividend of 5 per cent. It is also proposed to pay a bonus of 4s. per share, or 2 per cent., making a total distribution of 7 per cent. for the year 1897. The balance of £57,444 13s. 10d. has been transferred to the General Reserve Fund.

5. The policy of strengthening the service by making judicious renewals from time to time in the weakest sections of the cables, has been continued during the half-year under review, and the cost of the renewals carried out during that period has been charged against the General Reserve Fund, as shown in the annexed accounts.

6. The contract made with the Spanish Government for extending the company's system from Manila to the islands of Panay, Negros, and Cebu was successfully completed, and the new cables opened for traffic in November last.

Since the close of the half-year a further contract has been entered into with the Spanish Government for improving telegraphic communication with the Philippines by extending the Hong-kong cable, which was originally landed at Cape Bolinao (Luzon), direct to Manila. The contract was completed last month, and the station at Bolinao removed to Manila.

7. In accordance with the provisions of the trust deed dated the 10th May, 1879, 451 of the company's 5-per-cent. Australian Government subsidy debentures, amounting to £45,100, were drawn by lot on the 4th instant, for payment at par on the 1st July next. The numbers of the drawn debentures are given at the end of this report.

8. In accordance with the articles of association two of the directors, Sir Albert J. Leppoc Cappel, K.C.I.E., and Clement S. Colvin, Esq., C.S.I., retire by rotation at the forthcoming meeting, and, being eligible, offer themselves for re-election.

9. The auditors, Messrs. Deloitte, Dever, Griffiths and Co. and Messrs. Welton, Jones and Co. also retire and offer themselves for re-election.

TWEEDDALE, Chairman.

F. E. HESSE, Manager and Secretary.

Winchester House, 50, Old Broad Street, London, E.C.,
30th April, 1898.

REVENUE ACCOUNT FOR THE HALF-YEAR ENDED 31ST DECEMBER, 1897.

Dr.	£	s.	d.	Cr.	£	s.	d.
To General expenses in London (see Abstract A)	6,795	7	11	By Message and other receipts	251,332	19	0
General expenses at stations (see Abstract B)	57,047	11	10	Australian duplicate cable subsidies	16,200	0	0
Electrician's consulting-fee	50	0	0	Tasmanian cable subsidy	2,100	0	0
Use of patents	275	0	0	Tonquin cable subsidy	4,541	2	6
Directors' remuneration	2,000	0	0	Malacca cable subsidy	200	0	0
Auditors' fees	100	0	0	Visayas cable subsidy	715	1	5
Staff endowment assurance	633	4	9	Transfer-fees	53	4	3
Staff Pension Fund	1,390	18	9				
Expenses in connection with negotiations, &c.	96	2	1				
Repairs to cables (see Abstract C)	30,956	8	6				
Maintenance-ships' Reserve Fund	3,500	0	0				
Income-tax	4,559	2	0				
Interest on sinking fund on account of 5-per-cent. Australian subsidy debentures	25,495	0	0				
Interest on 4-per-cent. mortgage debenture stock	6,400	0	0				
Cost of celebrating Queen's Diamond Jubilee at stations	711	13	9				
Balance	135,131	17	7				
	<u>£275,142</u>	<u>7</u>	<u>2</u>		<u>£275,142</u>	<u>7</u>	<u>2</u>
Third interim dividend of 1897, 2s. 6d. per share, paid 15th January, 1898	31,250	0	0	Balance down	135,131	17	7
Proposed final dividend of 2s. 6d. per share for 1897, payable 12th May, 1898	31,250	0	0	Balance from Revenue Account, 30th June, 1897	34,812	16	3
Proposed bonus of 4s. per share, payable 12th May, 1898	50,000	0	0				
Amount carried to General Reserve Fund	57,444	13	10				
	<u>£169,944</u>	<u>13</u>	<u>10</u>		<u>£169,944</u>	<u>13</u>	<u>10</u>

REVENUE ACCOUNT FOR THE HALF-YEAR ENDED 31ST DECEMBER, 1897.

Abstract A.

STATEMENT OF GENERAL EXPENSES IN LONDON.							£	s.	d.
Salaries	..	..	..	..	..	..	3,921	14	6
Wages	..	..	..	..	..	..	185	7	7
Office expenses	..	..	..	..	..	..	1,037	16	11
Rent, taxes, &c.	..	..	..	..	..	..	996	5	6
Stationery and printing	..	..	..	..	..	..	279	12	7
Postage, bill, and other stamps	..	..	..	..	..	..	204	7	8
Advertising	..	..	..	..	..	..	62	1	11
Legal expenses	..	..	..	..	..	..	4	6	6
Repairs and renewals to furniture, &c.	..	..	..	..	..	..	103	14	9
Per Revenue Account	..	..	..	..	..	..	£6,795	7	11

Abstract B.

STATEMENT OF GENERAL EXPENSES AT STATIONS.							£	s.	d.
Salaries and wages	..	..	..	..	..	..	35,528	14	8
Travelling-expenses	..	..	..	..	..	..	2,090	12	5
Rent, taxes, house-allowances, &c., ...	..	..	..	..	..	..	8,445	9	0
Expenses of electric lighting	..	..	..	..	..	..	486	12	1
Provision- and ration-allowances	..	..	..	..	..	..	532	15	2
Maintenance and renewals of instruments and electrical apparatus	..	..	..	..	..	..	1,966	0	1
Expenses of land-lines	..	..	..	..	..	..	240	15	7
Repairs and renewals of furniture, fittings, &c.	..	..	..	..	..	..	1,392	18	3
Repairs to buildings	..	..	..	..	..	..	1,533	4	10
Insurances	..	..	..	..	..	..	495	19	3
Stationery and printing	..	..	..	..	..	..	1,483	15	8
Office and message postages	..	..	..	..	..	..	207	18	10
Office and petty expenses	..	..	..	..	..	..	742	2	7
Medical attendance	..	..	..	..	..	..	611	9	6
Service messages	..	..	..	..	..	..	38	8	8
Expenses of Porthcurno School	..	..	..	..	..	..	250	0	0
Foreign agencies	..	..	..	..	..	..	193	18	11
Advertising	..	..	..	..	..	..	105	12	8
Messengers' uniforms	..	..	..	..	..	..	75	16	9
Income-tax	..	..	..	..	..	..	125	7	4
Guarantee of staff and bank balances abroad	..	..	..	..	..	..	500	0	0
Per Revenue Account	..	..	..	..	..	..	£57,047	11	10

Abstract C.

EXPENSES ATTENDING MAINTENANCE OF CABLES.							£	s.	d.
Expenses of s.s. "Sherard Osborn," effecting numerous repairs, aggregating eighteen days, and expenses of ship during remainder of six months, after deducting expenses of ship whilst engaged on renewal and charter work	..	..	..	..	..	..	2,670	7	1
Expenses of s.s. "Recorder," effecting numerous repairs, aggregating eighty-six days, after deducting expenses of ship whilst on renewal work	..	..	..	..	..	..	4,638	18	4
Expenses of s.s. "Recorder" during remainder of six months	..	..	..	..	..	..	3,450	1	10
Cable expended on repairs, and sundry expenses at stations, after deducting value of picked-up cable	..	..	..	..	..	..	8,674	13	2
Insurance of cable on board maintenance-ships	..	..	..	..	..	..	1,424	19	10
Expenses of cable depot at Singapore	..	..	..	..	..	..	4,351	11	10
Agreed charge for call of Great Northern Company's maintenance-ship for repair of cables in the China seas	..	..	..	..	..	..	2,680	0	0
Depreciation of cable stores	..	..	..	..	..	..	3,065	16	5
Per Revenue Account	..	..	..	..	..	..	£30,956	8	6

GENERAL RESERVE FUND, 31ST DECEMBER, 1897.

Dr.	£	s.	d.	Cr.	£	s.	d.
To renewal of Singapore-Penang direct cable, and alterations to Singapore-Malacca-Penang cables	30,860	5	8	By Balance of Reserve Fund at 30th June, 1897	815,316	8	8
Partial renewal Singapore-Saigon cable	6,594	13	4	Interest received during half year	10,525	19	8
Partial renewal Hongkong-Macao cable	623	0	1	Amount transferred from Revenue Account	57,444	13	10
Cost of Visayas cables	41,541	6	11				
Balance carried down	803,667	16	2				
	£883,287	2	2		£883,287	2	2
				Balance as per balance-sheet	£803,667	16	2

BALANCE-SHEET, 31st DECEMBER, 1897.

<i>Dr.</i>			<i>Cr.</i>		
To Capital—			By Capital expenditure		
300,000 shares of	£	s. d.	as per last account	£	s. d.
£10 each .. £3,000,000 0 0			Less transferred		
Less 50,000 shares			from Australian		
of £10 each, un-			5-per-cent. sub-		
issued .. 500,000 0 0			sidy debenture		
	2,500,000	0 0	sinking fund ..	42,900 0 0	
5-per-cent. Australian subsidy debentures—				2,823,296 17 11	
1,686 debentures of			Investments on account of reserve		
£100 each, as per			funds (see Abstract D) ..	1,004,127 0 5	
last account .. 168,600 0 0			Trustees for 5-per-cent. Australian		
Less 429 debentures drawn 5th			subsidy debentures ..	15,897 17 1	
April, 1897, for			Spare cable and other stores ..	108,532 9 3	
paym't 1st July,			Traffic and other debit balances ..	107,805 11 1	
1897 .. 42,900 0 0			Bills receivable ..	20,350 0 0	
	125,700	0 0	Remittances in transit ..	16,100 0 0	
4-per-cent. mortgage debenture stock	320,000	0 0	Cash at banker's and in hand ..	112,759 18 1	
	2,945,700	0 0			
Reserve funds—					
General 803,667 16 2					
Maintenance-ships 94,910 19 6					
Insurance for maintenance-ships					
and cables 98,074 15 4					
Fire insurances, guarantees, &c. .. 65,857 17 3					
Sinking fund—Australian subsidy debentures 29,192 17 1					
Traffic and other credit balances .. 52,066 4 9					
Debenture interest accrued and unpaid 5,182 4 9					
Proprietors for dividends—					
Unclaimed dividends 1,216 19 0					
Third interim dividend of 2s. 6d. per share, paid 15th January, 1898.. 31,250 0 0					
Proposed final dividend of 2s. 6d. per share, payable 12th May, 1898.. 31,250 0 0					
Proposed bonus of 4s. per share, payable 12th May, 1898 .. 50,000 0 0					
	£4,208,369	13 10		£4,208,369	13 10

Audited and found correct.

London, 28th April, 1898.

DELOITTE, DEVER, GRIFFITHS, AND Co., } Auditors.
WELTON, JONES, AND Co., }

ABSTRACT D.

LIST OF INVESTMENTS ON ACCOUNT OF RESERVE FUNDS.

£	<i>Government and Miscellaneous.</i>			£	s.	d.
31,000	2½-per-cent. Consols	..	Costing	31,708	17	3
2,500	Chilian Government 4½-per-cent. converted loan	..	"	2,512	10	4
19,962	Danish Government 3-per-cent. loan of 1897	..	"	19,759	16	8
8,200	Eastern Extension Australasia and China Telegraph Company (Limited)					
	5-per-cent. Australian Government subsidy debentures (77 bearer bonds and 5 registered bonds)	..	"	8,465	15	0
10,000	East London Waterworks 3-per-cent. debenture stock	..	"	10,576	8	6
1,500	Egyptian Government 3-per-cent. guaranteed bonds	..	"	1,429	1	0
3,500	Globe Telegraph and Trust Company (Limited) 6-per-cent. pref. shares	..	"	5,374	13	0
5,000	Governments Stock and other Securities Investment Company (Limited)					
	4-per-cent. debenture stock	..	"	5,200	9	10
10,000	Great Indian Peninsula Railway irred. 4-per-cent. debenture stock	..	"	14,981	4	10
15,000	India 3-per-cent. stock	..	"	13,859	11	3
25,000	Metropolitan Consolidated 3½-per-cent. stock	..	"	25,968	15	0
10,000	New River Company 3-per-cent. debenture stock	..	"	10,716	18	9
5,000	Pacific and European Telegraph Company (Limited) 4-per-cent. guaranteed debentures	..	"	5,100	0	0
5,000	Pacific and Oriental Steam Navigation Company 3½-per-cent. debenture stock	..	"	5,995	15	10
2,500	Southern Mahratta Railway (Limited) 4-per-cent. debenture stock	..	"	2,703	14	8
<i>Colonial.</i>						
5,000	Barbados 3½-per-cent. inscribed stock (1942)	..	Costing	5,273	6	0
10,000	Canadian 3-per-cent. inscribed stock (1938)	..	"	9,962	7	10
9,000	Canadian Pacific Railway 5-per-cent. first mortgage debenture bonds (1915) ..	..	"	9,620	4	10
5,000	Cape of Good Hope Government 4-per-cent. inscribed stock 1882 (1923) ..	..	"	4,796	6	9
10,000	Cape of Good Hope Government 4-per-cent. con. inscribed stock (1916-36) ..	..	"	11,667	17	2
5,000	Ceylon Government 4-per-cent. inscribed stock (1934) ..	..	"	5,639	1	9
5,000	Ceylon Government 3-per-cent. inscribed stock (1940)	..	"	5,213	14	3
4,000	City of Sydney 5-per-cent. bonds (1904) ..	..	"	4,691	14	6

£	Colonial—continued.	£	s.	d.
5,000	Metropolitan Gas Company of Melbourne £3,300 (1912), £1,700 (1910), 5-per-cent. debentures	5,563	17	6
5,000	Natal 4-per-cent. consolidated stock, inscribed 1887 (1937)	4,993	14	1
5,000	Natal 3½-per-cent. inscribed stock (1914-39)	5,313	6	0
10,000	New South Wales Government 4-per-cent. debentures (1908-10)	10,230	3	8
2,500	New South Wales Government 3-per-cent. inscribed stock (1935)	2,406	15	3
15,000	New South Wales Government 3½-per-cent. inscribed stock (1924)	14,429	14	8
5,000	New South Wales Government 4-per-cent. inscribed stock (1933)	5,394	15	1
5,000	New Zealand Government 3½-per-cent. inscribed stock (1940)	5,149	8	10
10,000	Queensland Government 4-per-cent. debentures (1913-15)	10,169	2	3
15,000	Queensland Government 4-per-cent. inscribed stock (1924)	15,732	19	8
10,000	South Australian Government 3½-per-cent. inscribed stock (1939)	10,035	2	6
5,000	Tasmanian Government 4-per-cent. debentures (1914)	5,060	1	11
5,000	Tasmanian Government 3½-per-cent. inscribed stock (1920-40)	5,130	13	10
13,500	Victorian Government 4½-per-cent. debentures (1904)	14,314	5	0
5,000	Victorian Government 4-per-cent. debenture bonds (1907)	5,060	1	11

American Railways.

8,400	Baltimore and Ohio Railroad Company 6-per-cent. sterling bonds 1874 (1910) Costing	10,420	19	9
\$45,000	Baltimore and Ohio Railroad Company 5-per-cent. bonds 1885 (1925)	10,375	17	6
\$25,000	Central Railroad Company of New Jersey 5-per-cent. gen. mort. coupon gold bonds (1987)	5,726	16	0
\$10,000	Cleveland and Pittsburgh Railroad Company 4½-per-cent. gen. mort. gold bonds (1942)	2,295	15	0
\$50,000	Illinois Central Railroad Company 4-per-cent. Cairo Bridge gold bonds (1950)	10,075	3	0
£13,000	Illinois Central Railroad Company 4-per-cent. extended bonds (1951)	14,949	10	10
\$25,000	New York Central and Hudson River Railroad Company 4-per-cent. gold debenture certificates of 1890 (1905)	5,256	17	6
£10,000	Pennsylvania Railroad Company 3½-per-cent. consolidated mort. sterling bonds (1945)	10,420	15	6
\$25,000	Pittsburg, Cincinnati, Chicago, and St. Louis Railway Company 4½-per-cent. con. mort. gold bonds, series A (1940)	5,888	9	3

British Railways.

£15,000	Caledonian Railway 4-per-cent. debenture stock	Costing	20,265	14	10
36,000	Forth Bridge Railway 4-per-cent. guaranteed stock	"	42,267	7	6
8,500	Forth Bridge Railway 4-per-cent. debenture stock	"	10,246	16	1
15,000	Great Eastern Railway 4-per-cent. debenture stock	"	16,359	10	11
10,500	Great Eastern Railway 4-per-cent. consolidated irre. guaranteed stock	"	12,399	13	5
5,000	Great North of Scotland Railway 4-per-cent. debenture stock	"	7,487	17	4
20,000	Great Northern Railway 3-per-cent. debenture stock	"	23,073	0	6
2,000	Great Northern Railway 3-per-cent. preference stock	"	2,303	3	4
7,000	Great Northern Railway 4-per-cent. consolidated perl. pref. stock	"	10,670	8	7
5,000	Great Southern and Western Railway of Ireland 4-per-cent. debenture stock	"	7,625	18	2
13,500	Great Western Railway 5-per-cent. consolidated guaranteed stock	"	24,309	17	0
10,000	Great Western Railway 4-per-cent. debenture stock	"	15,829	7	0
5,000	Great Western Railway 5-per-cent. consolidated preference stock	"	9,620	8	0
10,000	Hull, Barnsley and West Riding Junction Railway and Dock Company 3-per-cent. first debenture stock (1889)	"	11,098	10	7
15,000	Hull, Barnsley and West Riding Junction Railway and Dock Company 3 and 4-per-cent. second debenture stock (1889)	"	18,867	12	11
20,000	Lancashire and Yorkshire Railway 3-per-cent. debenture stock	"	18,879	14	9
5,000	Lancashire and Yorkshire Railway 4-per-cent. consolidated guaranteed stock	"	5,516	10	0
14,000	London and Blackwall Railway 4½-per-cent. preference stock	"	23,535	13	2
3,000	London and Blackwall Railway 4½-per-cent. consolidated stock	"	5,043	2	0
10,000	London, Brighton, and S.C. Railway 4½-per-cent. perl. guar. deb. stock	"	13,180	2	9
5,000	London, Brighton, and S.C. Railway 5-per-cent. consolidated pref. stock	"	9,369	3	2
7,000	London, Chatham, and Dover Railway 4½-per-cent. arbit. debenture stock	"	8,428	17	6
25,000	London and North-western Railway 4-per-cent. consolidated guar. stock	"	34,886	12	4
10,000	London and North-western Railway 3-per-cent. perl. debenture stock	"	11,814	7	0
20,000	London and South-western Railway 3-per-cent. consolidated debenture stock	"	23,532	6	9
3,000	London and South-western Railway 3½-per-cent. preference stock	"	3,946	10	4
5,500	London, Tilbury, and Southend Railway 4-per-cent. debenture stock	"	6,118	10	0
20,000	Metropolitan Railway 4-per-cent. debenture stock	"	21,989	7	8
8,110	Metropolitan District Railway 4½-per-cent. Fulham rent-charge stock	"	10,726	3	6
5,000	Metropolitan District Railway 4-per-cent. debenture stock	"	5,453	3	9
12,000	Metropolitan District Railway 4-per-cent. perl. guar. stock	"	12,808	10	10
5,000	Midland Railway 4-per-cent. perl. guar. pref. stock	"	5,508	15	7
1,500	Midland Railway 4-per-cent. consolidated perpetual rent-charge stock	"	2,810	9	9
20,000	Midland Railway 3-per-cent. debenture stock	"	23,258	6	8
20,000	North British Railway 3-per-cent. debenture stock	"	16,449	12	9
13,000	North-eastern Railway 4-per-cent. guaranteed stock	"	14,214	18	9
8,000	North-eastern Railway 4-per-cent. preference stock	"	12,203	7	2
10,000	North-eastern Railway 3-per-cent. debenture stock	"	9,707	8	3
8,000	North Stafford Railway 3-per-cent. consolidated debenture stock	"	5,764	11	6
4,000	South-eastern Railway 3-per-cent. perl. debenture stock	"	4,568	19	5
2,000	South-eastern Railway 4-per-cent. perl. debenture stock	"	3,083	16	8
4,000	South-eastern Railway consolidated 4½-per-cent. pref. stock	"	6,724	9	5
2,000	South-eastern Railway 4-per-cent. vested companies' stock	"	3,011	6	2
3,000	South-eastern Railway perp. ann. £1 0s. 6d. each	"	5,585	9	7
22,000	West Highland Railway 3-per-cent. guaranteed ordinary stock	"	24,614	5	9
4,000	West Cornwall Railway, Great Western, Bristol and Exeter, and South Devon Railways, 4½-per-cent. joint rent-charge stock	"	4,794	10	0

£1,004,127 0 5

FIVE-PER-CENT. AUSTRALIAN GOVERNMENT SUBSIDY DEBENTURES.

NUMBERS of 451 DEBENTURES of £100 each drawn on 4th April, 1898, for Payment at Messrs. Barclay and Co., 54, Lombard Street, E.C., on the 1st July, 1898:—

5	567	1046	1501	1946	2438	3073	3415	3916	4466	5009	5437	5890
8	576	1056	1506	1947	2447	3079	3416	3923	4486	5055	5459	5900
19	586	1082	1537	1951	2478	3086	3448	3943	4526	5067	5462	5905
22	603	1108	1538	1981	2488	3092	3452	3966	4528	5071	5488	5908
65	618	1136	1543	2019	2492	3104	3492	3970	4537	5088	5497	5909
70	630	1142	1546	2030	2502	3107	3493	3977	4552	5091	5505	5920
73	638	1150	1553	2045	2532	3120	3500	4014	4585	5096	5510	5923
96	642	1155	1560	2059	2534	3121	3520	4031	4591	5133	5521	5950
163	650	1193	1570	2087	2536	3124	3535	4073	4614	5136	5532	5957
170	658	1196	1575	2107	2539	3125	3539	4125	4626	5153	5542	5969
174	659	1227	1576	2113	2569	3130	3571	4140	4630	5167	5552	5980
186	660	1238	1608	2114	2592	3138	3588	4148	4634	5178	5567	6022
191	668	1240	1615	2122	2647	3140	3600	4168	4651	5199	5575	6034
202	707	1281	1621	2154	2703	3147	3602	4183	4688	5218	5602	6086
208	738	1285	1627	2175	2718	3168	3635	4196	4691	5223	5603	6062
235	755	1291	1629	2181	2762	3171	3642	4209	4711	5226	5608	6083
237	769	1298	1656	2183	2769	3178	3657	4227	4726	5232	5672	6084
239	783	1301	1659	2185	2794	3183	3689	4245	4731	5239	5676	6090
250	784	1314	1668	2190	2821	3196	3706	4277	4747	5244	5677	6093
259	798	1332	1669	2214	2850	3207	3712	4278	4758	5254	5690	6124
273	828	1338	1684	2219	2910	3249	3715	4293	4760	5263	5692	6155
279	832	1347	1692	2231	2920	3252	3721	4293	4779	5277	5694	6160
281	873	1360	1708	2235	2939	3295	3727	4312	4783	5281	5722	6182
309	887	1381	1732	2285	2948	3298	3747	4319	4822	5282	5730	6193
324	924	1397	1746	2292	2954	3301	3781	4327	4843	5287	5746	6222
329	927	1413	1765	2314	2956	3314	3818	4361	4857	5307	5748	6223
331	942	1418	1779	2331	2963	3322	3844	4363	4879	5322	5767	6262
346	955	1419	1816	2342	2968	3325	3846	4372	4895	5328	5796	6275
351	971	1422	1841	2351	2977	3344	3854	4380	4900	5341	5804	6285
467	979	1426	1885	2379	2983	3351	3867	4409	4921	5366	5827	6287
478	987	1451	1887	2405	3036	3369	3868	4414	4958	5379	5837	6305
482	998	1469	1898	2409	3037	3389	3898	4415	4987	5385	5844	6315
521	999	1476	1916	2423	3040	3401	3904	4441	5005	5402	5847	6331
534	1000	1477	1930	2427	3046	3402	3912	4444	5007	5422	5852	6341
553	1023	1487	1936	2430	3064	3405	3914	4452				

APPENDIX C.

MEMORANDUM for the Right Hon. the Postmaster-General.

As it is many years since the question of the Pacific cable was first brought forward, the accompanying *résumé* may be of interest at the present time. Only the more important incidents are dealt with—from 1877.

The cost of constructing and laying the cable is based on the tenders received by the Canadian Government in 1894, and the cost of maintenance and the receipts on Sir Sandford Fleming's estimates. The revenue is based on the cable traffic of 1895, *plus* a 10 per cent. annual increase. Sir Sandford assumes that 33½ per cent. of the Eastern Telegraph Company's traffic would be diverted to the Pacific cable. This may have been an over-sanguine estimate at the time, but the increase of traffic since, and what may be looked for before the Pacific cable is laid, should enable his estimate to be realised.

The fact that the Eastern Extension Company would no doubt adopt the usual business precaution of reducing its tariff to the level of the Pacific cable rates should not, however, be lost sight of. Indeed, even lower rates might be determined upon by the company if only to better conserve its business when actual competition began—factors which to some extent would reduce the earnings of the Pacific cable.

The lowest tender for constructing and laying a cable from Vancouver to Norfolk Island, with branches to Queensland and New Zealand—the approved route—is £1,517,000. The estimated annual charges (interest, calculated at 2½ per cent., on £1,500,000) is £145,000, which, divided in the proportion of two-ninths Canada, one-third Great Britain, and four-ninths Australasia, gives the following: Canada, £32,222; Great Britain, £48,333; Australasia, £64,445; and New Zealand's proportion of the latter sum divided between the colonies—excluding South Australia and Western Australia—on the basis of population, would be £12,032. But as Queensland would secure an inland rate on the whole of the Australian messages, she should contribute more than £7,955—her proportion on population basis.

Sir Sandford Fleming fixes the rate for the cable at 2s. a word, and estimates that the first year's receipts (in 1900) would be £120,788, which would leave a loss of £24,212. With a 10 per cent. annual increase of traffic the loss the second year would be reduced to £12,134; a profit of £1,153 the third year, and at the end of the sixth year an accumulated net profit of £61,949. A through rate to Great Britain of 3s. 5d. per word may probably be obtained, apportioned as under: Pacific Cable, 2s. per word; Canada, 4d.; Atlantic Cable, 1s.; New Zealand, 1d.: as against 5s. 2d. a word at present.

The tender of £1,517,000 is for a cable with a capacity equal to twelve words a minute only, which I think is too low. An eighteen-word-a-minute cable would cost £1,880,000, and I submit that before any particular type of cable is decided upon the question of speed should be settled. The additional interest on the eighteen-word cable would increase the annual charges from £145,000 to £154,500; the colonies' proportion from £64,445 to £68,667, and New Zealand's from £12,032 to £12,821.

It would take about three years to construct and lay the cable, and meanwhile a considerable proportion of the annual charges would have to be met.

General Post-Office, 20th August, 1898.

W. GRAY.

P.S.—Since writing the foregoing, a letter has been received from Sir Sandford Fleming intimating that Canada's proportion will now be three-eighteenths instead of two-ninths. The colonies' payment will be correspondingly increased from four-ninths to one-half.

THERE has for many years been an agitation for a telegraph cable-service from Australia by a route other than that followed by the cables of the Eastern Extension Telegraph Company.

Alternative route discussed Melbourne Conference, 1878.

At the outset the idea was to duplicate the connection *via* India, and a conference of representatives from each of the colonies, except New Zealand and Western Australia, met at Melbourne in May, 1878, to discuss the matter, when the Queensland representative proposed the following resolution:—"It is essential that there should be a complete system of telegraphic communication unconnected with any existing line of the Eastern Extension Company, and under independent control." Owing to differences of opinion as to the route to be adopted between Australia and India, the resolution was lost.

Pacific Cable suggested by Sir Julius Vogel, 1877.

Attached to the report of the proceedings of this Conference is a memorandum, dated 1st August, 1877, from the Agents-General for Victoria and New Zealand, reviewing at length the question of the alternative cable routes, and a suggestion by Sir Julius Vogel for a telegraph-cable between New Zealand and San Francisco, touching at Honolulu. Owing probably to the absence of definite information, the Agents-General dismissed the suggestion as "almost impracticable on account of the great depth of water which would have to be passed through." No reference appears to have been made to the proposal at the Conference; but the fact remains that the idea of a Pacific cable seems to have originated with Sir Julius Vogel.

In a memorandum laid before the Sydney Postal Conference of 1888 by Sir William Fitzherbert, representing New Zealand, is the statement that "as far back as 1877 New Zealand favoured a Pacific cable, and objected to a prolonged engagement with the Eastern Company."

Sir Sandford Fleming's proposals, 1879.—Canadian Government's action, 1886.

In 1879 Mr. (now Sir) Sandford Fleming interested himself in the movement, and he has since made it particularly his own, collecting, compiling, and publishing, from time to time, valuable statistics, estimates, and general information, always urging on all concerned, especially the Canadian and Imperial Governments, to either directly undertake, or to guarantee the work. In 1880 Mr. Fleming brought the subject officially before the Canadian Parliament in his report as Engineer-in-chief of the Canadian-Pacific Railway. Considerable correspondence ensued; and in 1886 an Order in Council was issued by the Canadian Government recommending that steps should be taken to ascertain the opinion of the several governments interested, and also the pecuniary assistance each would be likely to give. A conference of the agents of Canada and the colonies was suggested and the co-operation of the Imperial Government sought. The route favoured was Australia, New Zealand, Fiji, Fanning Island, Sandwich Islands, Vancouver Island, and Vancouver City. The subsidy was set down at £100,000 per annum for twenty-five years, or £90,000 with an Imperial guarantee, and the rate between Australia and Europe was not to exceed 4s. per word.

Sir Julius Vogel's scheme, 1887.

In February, 1887, Sir Julius Vogel, then Postmaster-general of New Zealand, advocated the purchase of the Eastern Telegraph Company's Australasian cables and laying a Pacific cable *via* Fiji and Honolulu, with branches to New Caledonia and Tahiti. Such a scheme, he anticipated, would lead to a reduction of the rate to 1s. 6d. or 1s. per word. The capital cost was not to exceed £5,000,000.

London Colonial Conference, 1887.

A conference of colonial representatives, promoted by the Imperial Government, met in London during April and May, 1887, when a resolution was carried affirming that "a direct line of cable across the Pacific is a project of high importance to the Empire, and that any doubts as to its practicability should be set at rest by a survey;" and a memorandum signed by the representatives of Canada, Cape Colony, Natal, Newfoundland, New Zealand, and the Australian Colonies, except South Australia, was forwarded to Her Majesty's Government, requesting that a survey of a cable route should be made. The reply of the Admiralty was to the effect that unless the cable was to be laid within a reasonable time they were not prepared to detach a vessel for the survey.

Offer by Pacific Telegraph Company, 1887.

In May of the same year, Mr. H. Finch-Hatton, on behalf of the Pacific Telegraph Company (then recently formed in London), offered to lay a cable from Vancouver Island to Australia, touching at Hawaii, Fanning Island, Samoa, Fiji, and New Zealand, conditionally on the Governments of Great Britain, Canada, and the Australasian Colonies guaranteeing a traffic of £75,000 per annum for twenty-five years—the through rate not to exceed 4s. per word.

Efforts to obtain survey, 1887 and 1888.

Canada subsequently offered to provide a suitable ship for the survey, if the Australasian Colonies contributed £6,000 towards the cost. Sir Harry Atkinson, then Premier of New Zealand, favoured this, and in a telegram to the Premier, Sydney, urged that the colonies should contribute the amount, but nothing came of it. It was now ascertained that the Admiralty were willing to carry out the survey, provided the colonies defrayed the cost, which was estimated at £36,000,

Sydney Conference, 1888.

At the Postal Conference which met at Sydney in 1888, it was resolved that a survey of the Pacific route was desirable—Great Britain, Canada, and the Australasian Colonies to defray the cost. The Governor of Victoria telegraphed the purport of this to the Secretary of State, and urged that the survey should be made. The Imperial Government, however, did not consider the matter sufficiently urgent for a special survey.

Brisbane Conference, 1893.

No further action of importance seems to have been taken until 1893, when, at the Brisbane Postal Conference of that year, the Hon. J. G. Ward (representing this colony) moved the following resolution: "That in the opinion of this Conference the time has arrived when a second cable route should be established *via* the Pacific to Vancouver, touching at such such places *en route* as may be hereafter agreed upon," which was carried unanimously, South Australia and Western Australia, however, not voting.

The route suggested by Mr. Ward was from Queensland to Ahipara Bay—Fiji—Honolulu—Fanning Island—Vancouver Island and Vancouver City. The estimated cost, £1,500,000; a guarantee of £70,000 per annum, and a through rate of 4s. per word.

Wellington Conference, 1894.

The following year a Postal Conference met at Wellington, all the Australasian Colonies being represented; and it was resolved, on the motion of the Hon. Mr. Ward, "That, considering the important interests involved, both of a national and commercial character, in the establishment of a Pacific cable, the representatives of the respective colonies assembled at this Conference recommend their governments to consider the desirability of entering into a guarantee with other countries interested for a period not exceeding fourteen years, and to guarantee interest at 4 per cent. on a capital of not more than £1,800,000 to any company undertaking the laying of a Pacific cable; the tariff not to exceed 3s. per word for ordinary telegrams, 2s. per word for Government telegrams, and 1s. 6d. per word for Press telegrams to and from Great Britain and the colonies; and that the United Kingdom be asked to join in the guarantee; the routes to be either of the following: Brisbane to Ahipara Bay (New Zealand), Ahipara Bay to Suva, Suva to Apia, Apia to Fanning Island, Fanning Island to Sandwich Islands, Sandwich Islands to Vancouver; or from New Zealand to Suva, Suva to Apia, Apia to Fanning Island, Fanning Island to Sandwich Islands, Sandwich Islands to Vancouver." Mr. Ward, in speaking to the motion, pointed out that a guarantee of £72,000 per annum was better than a direct fixed subsidy, and left it open to the world to compete for laying the cable.

Attached to the report of the Conference proceedings is a memorandum by Sir Sandford Fleming, in which he suggests relieving the Australasian Governments of their liability under their guarantee agreements to the Eastern Extension Telegraph Company by adding a sum of £145,000 to the £1,600,000—the estimated capital cost of the Pacific cable—to purchase an annuity equal to the subsidy payable the company until the expiration of the guarantee agreements. On the working of the Pacific cable Sir Sandford estimated a deficiency for the first three years, and thereafter a surplus which, at the end of ten years, after paying interest on capital cost and every other charge, would result in an accumulated surplus of over £250,000.

Ottawa Conference, 1894.—Tenders invited.

Closely following the Wellington Conference came the Canadian Conference, which met in June, 1894, at Ottawa. There was a unanimous opinion in favour of a Pacific cable, and five resolutions were adopted urging immediate action. The final resolution was one requesting the Canadian Government to make all necessary enquiries, ascertain the cost, and otherwise promote the scheme. The Canadian Government lost no time in calling for tenders. The conditions specified eight alternative routes, as well as three alternative proposals, *i.e.*—(1) For a cable owned and controlled by the Governments, and worked under Government authority, with a proviso that the contractor should keep the cable in repair for three years. (2) The cable to be owned, worked, and maintained by a subsidised company; and (3) The cable to be owned, worked, and maintained by a company under a Government guarantee. The second and third proposals stipulated for rates between Great Britain and Australasia of 3s. per word for ordinary messages, 2s. Government, and 1s. 6d. press. The cable was to be of a capacity of not less than 12 words per minute. No tenders were sent in under the second and third proposals. Under the first proposal four tenders were received for each of the routes, the tenderers being in every case companies of repute; and, for the first time, what may be regarded as definite and reliable estimates of the cost were obtained.

Particulars of Tenders to construct and lay Cable.

Of the several routes, the following, known as No. 1, has been unanimously agreed to by the Colonies:—

Landing Stations.					Length in knots.	
Vancouver Island to Fanning Island	...	...	...	...	3,232	
Fanning Island to Fiji	...	...	...	...	1,715	
Fiji to Norfolk Island	...	...	...	...	1,022	
Norfolk Island to New Zealand	...	...	...	...	415	
Norfolk Island to Tweedmouth (Queensland)	...	...	...	...	761	
Total	...	...	...	...	7,145	

For which the following tenders were received: The India-rubber, Gutta-percha, and Telegraph Works Company, £1,517,000; W. T. Henley Telegraph Works Company, £1,826,000; Siemens Brothers and Company, £2,170,000; Fowler-Waring Cable Company, £2,350,000.

Accompanying the lowest tender is the following memo.: "The contract prices given . . . include the erection at each cable landing-place of a suitable dwelling house and operating room for

the working staff, with duplicate sets of all proper instruments at each station; also the use of two steamships fitted with cable-tanks and all necessary machinery for repairing the cable, and the cost of maintaining these ships as well as the cables themselves for three years." The Company, if entrusted with the contract, also undertook to manufacture the cable at the rate of 20 miles a day, and to proceed to ship and lay it with the least possible delay.

It should be explained that the tender of £1,517,000 is for a cable with a capacity of twelve words a minute. A fifteen-word cable the same Company would supply for £1,672,000, and an eighteen-word cable for £1,880,000. Probably a cable with a capacity of only twelve words a minute would not carry the business which might be expected a few years hence.

Hobart Conference, 1895.

At the Hobart Conference in 1895 the Pacific cable question was again brought forward, and the following resolution adopted: "This Conference reaffirms the desirableness of the construction of a Pacific cable to connect the Australasian Colonies and Canada; and, in view of the ascertained practicability of the scheme, respectfully urges upon the various colonial Governments that steps be taken for the furtherance of the project at the earliest opportunity."

Sydney Conference, 1896.

Then followed the Postal Conference at Sydney in January, 1896. All the colonies were represented, and the Pacific cable question was advanced a stage by a decision as to which of the routes tendered for should be adopted. Differences of opinion whether the cable should come to Queensland or New Zealand were settled by a compromise, under which the cable is to be landed at Norfolk Island and branch from there to New Zealand and Queensland. This is the route known as No. 1. Resolutions were also adopted affirming—

(1.) That the Pacific cable should be constructed and owned jointly by the various Governments interested.

(2.) That the landing-places should be only on places belonging to or under control of the British Empire.

(3.) That the cost of construction, working, and maintenance should be borne by Great Britain, Canada, and the Australasian Colonies, each division taking one-third of the liability.

(4.) That the route from Fiji to Australia be *via* Norfolk Island, thence bifurcating to the nearest convenient landing-place in the north of New Zealand and Moreton Bay respectively.

(5.) That it is desirable that South Australia join the other colonies in the Pacific cable project, and the terms on which that colony will come in be ascertained.

Imperial Cable Committee, 1896.

Towards the close of 1896 a committee known as the Imperial Cable Committee met in London. Its members comprised two representatives from each of the great communities interested, viz., Great Britain, Canada, and Australasia—the latter represented by the Agents-General for New South Wales and Victoria. The Committee sat for fifteen days, took voluminous evidence, both expert and official, and the report of the proceedings includes the most complete data yet brought together on the question.

The Committee reported in January, 1897, but the proceedings up to the present are still regarded as confidential, under instructions from the Imperial authorities.

Australasian Chambers of Commerce, 1897.

The Australasian Chambers of Commerce, at a conference held at Sydney in June, 1897, passed a resolution strongly urging the early construction of the Pacific cable—a proof that the commercial community is in accord with the colonial Governments.

Conference of Premiers, 1897.

At a conference of the Premiers of New South Wales, Victoria, Queensland, and New Zealand, at Melbourne in March last year, a strong hope was expressed that the construction of the Pacific cable might be decided upon at an early date, and the decision of the Sydney Conference of the previous year re-affirmed.

Premiers in London, 1897.

During the visit of the colonial Premiers to London last year, the Pacific cable was discussed with the representatives of the Imperial and Canadian Governments, but without practical results, mainly owing to the apparent want of interest shown by the representatives of Canada.

Proposed Alternative Route *via* Cape Colony—Perth.

Meanwhile, the Eastern Extension Telegraph Company brought forward a proposal for an alternative cable service between Great Britain and Australia *via* Gibraltar—Sierra Leone—Ascension—St. Helena—Cape Town—Durban—Mauritius—Rodriguez Island—Cocos and Albany (Western Australia). For this cable the company asked a subsidy of £32,400 per annum for ten years, and were prepared to continue the cable to Glenelg (South Australia) on the guarantee being extended from ten to twenty years. No reduction of rates, however, was proposed by the company.

Duplicate Cable Subsidy—Cape Cable.

It may be explained that the £32,400 is the amount guaranteed by the colonies (except Queensland and New Zealand) to the Cable Company in respect to the duplication of the cable between Port Darwin and Java for a period of twenty years, expiring in 1899. The proposed cable *via* the Cape is also regarded as an "all-red" line—i.e., the several landing-places would be on territory owned by or under the control of Great Britain. The length of the cable would be about 13,000 miles, and the estimated cost between two and a half and three million pounds sterling. The Cape Government, it is understood, has agreed to provide the required guarantee for the section from England to Cape Town, which alone was favourably reported upon by the committee which recently met in London, at the instance of the Secretary of State for the Colonies, to consider the Eastern Telegraph Company's proposal.

Postal Conference, Hobart, 1898.

The next forward movement was at the Conference held in Hobart in March-April last. After hearing the representative of the Eastern Extension Telegraph Company on the projected cable *via* the Cape, the Conference carried the following resolution:—"That this Conference re-affirms the opinion that in the interests of Australasia the Pacific Cable project should be consummated as speedily as practicable, and that the Governments of the various Australasian Colonies be requested to represent to the Imperial and Dominion Governments the foregoing opinion, together with the proposal of the Premiers as agreed to at their recent Conference held in Melbourne—viz., 'That if Great Britain and Canada each contribute one-third of the cost, the colonies would be prepared to contribute the remaining one-third.'"

London Conference, July, 1898.

The Conference of representatives from Canada and the Agents-General for the colonies which met in London last month, brings down the history of the Pacific cable question to date. The outcome of this Conference, as cabled by the Agent-General, is that Canada would probably contribute two-ninths of the cost, and the Imperial Government's proportion would not exceed a third, leaving the colonies to find the balance of four-ninths. The Governments of the colonies favourable to the scheme are now consulting as to contributing the four-ninths.

Annual Cost and Colonies' share.

The estimated annual charges, including interest on a capital of £1,500,000, allowance for maintenance and renewal, sinking fund to provide for replacement of capital in fifty years, together with all ordinary working expenses, as given by Sir Sandford Fleming, are as follows:—

	£
Interest at $2\frac{1}{2}$ per cent....	37,500
Maintenance and renewal	70,000
Sinking fund ...	15,386
Working expenses	22,114
Total	£145,000

Dividing this amount on the basis of two-ninths Canada, one-third Great Britain, and four-ninths Australasia, the proportions are:—

	£
Canada	32,222
United Kingdom	48,333
Australasia	64,445

and apportioning the £64,445 between the Australasian Colonies (but excluding South Australia and Western Australia) on the basis of the estimated population on the 31st December, 1896, the amount payable by each colony would be:—

Colony.	Population.	Proportion.
		£ s. d.
New South Wales	1,297,640	21,863 4 4
Victoria	1,174,888	19,795 0 8
New Zealand	714,162	12,032 10 4
Queensland	472,179	7,955 9 8
Tasmania	166,113	2,798 15 0
		£64,445 0 0

Revenue.

Of the 1,948,639 words in international messages to and from the Australasian Colonies transmitted over the cables of the Eastern Company during 1895, Sir Sandford Fleming assumed that the Pacific cable might reasonably be expected to secure 750,000 words, or $38\frac{1}{2}$ per cent. of the whole, and with an annual increase of traffic of 10 per cent. from 1895, he estimates that the gross earnings of the cable for the six years from 1900 at 2s. per word, and the deficiency or surplus, would be:—

	Gross Earnings.	Annual Charges.	Deficiency.	Surplus.
	£	£	£	£
First year ...	120,788	145,000	24,212	...
Second year	132,866	145,000	12,134	...
Third year	146,153	145,000	...	1,153
Fourth year	160,768	145,000	...	15,768
Fifth year	176,845	145,000	...	31,845
Sixth year	194,529	145,000	...	49,529
			£36,346	£98,295

or a net surplus in the six years of £61,949.

Accepting Sir Sandford Fleming's figures, New Zealand would be called upon to make good about £2,009 the first year, and £1,007 the second year.

Present Business—London-Vancouver Rates.

Returns of Australasian international telegraph traffic, just published, show that the number of words increased to 2,326,984 in 1896, but fell to 2,122,216 in 1897, as compared with 1,948,639 in 1895—on which Sir Sandford Fleming's revenue-estimate was based.

The present rate between London and Vancouver is 1s. 6d. per word, of which the Atlantic cable companies receive 1s. If a 4s.-per-word through-rate were charged as originally proposed, and New Zealand received a penny per word, the Pacific cable would obtain 2s. 5d. per word.

In re proposed Rates.

But it is expected that the Canadian inland rate on through messages may not exceed 4d. per word, and were the through rate between New Zealand and Great Britain reduced to 3s. 6d. per word the apportionment would be—

	s.	d.
Pacific cable	2	1
Canada	0	4
Atlantic cable	1	0
New Zealand	0	1
	3	6

Business for the Pacific Cable.

Sir Sandford Fleming in his estimate allows, as already mentioned, the Pacific cable 2s. per word as its share. This would give a through-rate of 3s. 5d., as against 5s. 2d. per word now paid on messages between London and the colony. Of the number of words in international messages in 1897, 87,033 were for and from America, all of which would of course be sent over the Pacific cable. A probable immediate increase of 50 per cent. in the American traffic might also be looked for.

According to information submitted to the recent Hobart Conference, the number of words in the Australasian International traffic for 1897 was:—

	Words.
A. { New Zealand	246,365
{ Queensland	52,012
B. New South Wales	484,715
C. { Victoria	508,554
{ Tasmania	12,410
D. { South Australia	306,232
{ Western Australia	511,926

Reducing these figures in each case 10 per cent. for non-European traffic, and grouping the colonies into four classes, the probable share of the traffic for the Pacific cable may be estimated at,—

	Words.
A. New Zealand and Queensland, three-fourths of European traffic...	201,405
B. New South Wales, three-fifths	261,744
C. Victoria and Tasmania, one-half	234,433
D. South Australia and Western Australia, one-twentieth	40,907
Add American traffic	87,033
Total	825,522
Add 10 per cent. for increase due to reduced rates	82,552
	908,074

It may be accepted that the Eastern Company would reduce its rate to that of the Pacific cable, but the guaranteeing colonies, having control of the traffic, would have the right to send over the Pacific cable all messages not specially directed *via* the Eastern Extension Company's lines. The fact that the Australasian Chambers of Commerce strongly favour the Pacific cable may fairly be advanced in support of the estimate that no more than about a fourth of the New Zealand and Queensland messages, two-fifths New South Wales, and one-half Victoria and Tasmania, would be the proportion of the traffic which might be expected to be directed to be sent *via* Eastern cables. This practically gives, although by an entirely different method, the 907,500 words estimated by Sir Sandford Fleming for 1897.

Adverse Criticism.—Objections.

Of course, Sir Sandford Fleming's estimates have not escaped adverse criticism, but only two need be quoted. The Engineer-in-Chief of the New South Wales Telegraphs does not favour the route *via* Fanning Island, on the grounds that the length of cable between there and Vancouver, without an intermediate relay, would preclude satisfactory working. He is also opposed to the Governments owning the cable. Mr. Walker expects keen competition on the part of the Eastern Telegraph Company, and a reduction in their rates, which would materially reduce the revenue on the Pacific cable. At the same time he admits that a Pacific cable is most desirable, as being shorter—the distance being 12,500 miles, as against 14,638 miles *via* Darwin. He considers, however, it would be a mistake to leave out Samoa and Honolulu.

Sir Charles Todd, Postmaster-General of South Australia, who has been a consistent opponent of the Pacific cable scheme, estimates the annual working-expenses at £175,000, which, however, was based on the assumption that the capital cost would be £2,000,000, and that the life of the cable would be only twenty years. With a revenue of 3s. a word Sir Charles looks for a deficiency of £80,000 per annum. He is of opinion that no subsidy is to be expected from the Imperial Government. His arguments, it should be explained, were based largely on the assumption that the work would be undertaken by a company.

W. GRAY,
Secretary.

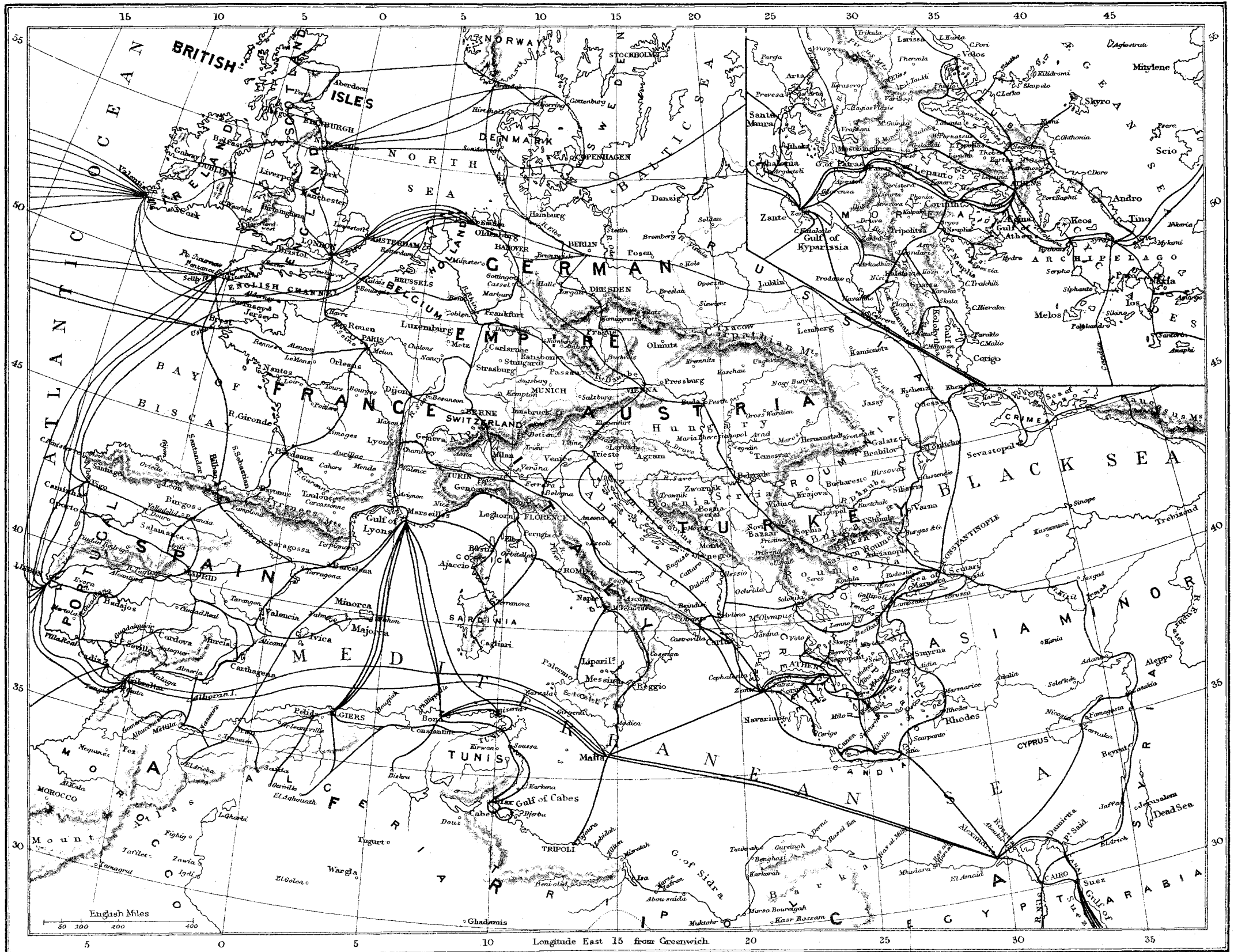
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