

The report of the Imperial Committee is dated the 5th January, 1897; in this document all particulars will be found. The Committee did not think it necessary to include maintenance for three years in the original cost of the cable; they considered six months sufficient. In their estimates, which follow, £35,000 is included for six months' maintenance, £80,000 for the purchase of two repairing ships, and £78,000 as a margin of capital to cover possible contingencies: Minimum cost (first type of cable), £1,500,000; maximum cost (second type of cable), £1,800,000.

Annual Charges.—The Imperial Committee took a large amount of evidence bearing on the cost of working, maintenance, and repairs. They considered it necessary to make provision of capital by sinking fund for replacing the cable after a term of years. They likewise, under this heading, took into account interest on capital, the rate of which to a great extent must depend on the conditions under which the capital is raised. They append four estimates of total annual charges, varying according to the type of cable and the rate of interest, as follows:—

			Interest.	Capital.	Total Annual Charges.
No. 1	...	...	2½ per cent.	£1,500,000	£144,887
No. 2	...	...	2¾ „	1,500,000	147,561
No. 3	...	...	2½ „	1,800,000	155,464
No. 4	...	...	2¾ „	1,800,000	158,673

The annual charges of every description may therefore be placed at: Minimum, £144,887; maximum, £158,673.

Revenue.—In the report of the Imperial Committee, under the sub-heading “Recommendation and Summary” (page 9), they allude to this branch of the subject in these words: “Taking the total annual expenditure at £144,887 and the increase of business at 10 per cent. per annum on 750,000 words in 1896, a Pacific cable would, if it came into actual work on the 1st January, 1900, earn £178,437 in its first year of working, if the rate obtained by it per word were 3s. 3d., thus leaving a credit balance on the first year's working of £33,550. If the rate per word were reduced to 2s., in the year 1900 it would earn £109,807; in 1901, £120,788; in 1902, £132,867; and in 1903, £146,153; it would thus become a paying concern during the fourth year of working.”

In reference to the above it may only be remarked: (1.) The Committee repeatedly explain that in estimating revenue “they must be actuated by extreme caution,” and as an evidence of the caution exercised they base the estimate on the Pacific cable securing scarcely more than one-third the gross Australian-European traffic, and they include nothing for Australasia-American traffic. (2.) Notwithstanding the great caution of the Committee, their estimate goes to show that even at the reduced rate of 2s. a word (as the new line would not be open for business before 1902), annual charges would be covered by earnings in the second year—viz., 1903.

In the special report of Lord Stratheona and Mr. A. G. Jones (12th January, 1897) a more liberal view is taken. They submit two estimates (pages 13 and 14), in both of which it is shown that there would be in the year 1902 a surplus of revenue over all charges, and in every following year the surplus would go on increasing.

Estimate of Revenue from the Latest Information.

It is two years since the Imperial Committee reported, and it may be well to consider the subject of revenue in the light of information acquired since that date.

The latest returns of telegraph business between Australasia and Europe appear in the printed proceedings of the Postal and Telegraph Conference held at Hobart in April, 1898. These returns are given on the authority of Sir Charles Todd, Postmaster-General of South Australia, who has always been a consistent opponent of the Pacific cable. In Table 4, page 58, we find as follows: The gross traffic in 1889 consisted of 793,917 words; the gross traffic in 1890 consisted of 827,278 words.

The rates then charged were 9s. 4d. per word. The rates were reduced on 1st May, 1891, to 4s., and on 1st January, 1893, raised to 4s. 9d. per word; the latter rate has not since been changed.

Under the new rates, according to the same authority, the gross annual traffic has been as follows: In 1892 the number of words transmitted were 1,275,191; in 1893, 1,303,336; in 1894, 1,381,400; in 1895, 1,450,446; in 1896, 2,110,917; in 1897, 2,349,901.

It is not probable that the Pacific cable will be completed much within three years from the present date. Assuming that it will come into working condition by the 1st January, 1902, the questions to be considered are: (1) What will be the gross traffic for 1902; and (2) what proportion of it will be secured by the new line?

However much opinion may differ on both questions, with respect to the first, it is obvious, from the returns quoted, that there is a great development of telegraph traffic steadily going on, and that this development is greatly accelerated by a reduction of rates. In the last year of the 9s. 4d. per word tariff, 1890, the gross business consisted of 827,278 words; the reduction at once had the effect of increasing the business 50 per cent. Even under the conditions of a uniform tariff, there is evidence of great vitality. From 1893 to 1897 the tariff of charges remained at 4s. 9d. per word, and the business grew from 1,303,336 words to 2,349,901 words in these four years.

We may fairly infer from these facts that in the year 1902, even if the tariff of charges remains unchanged, there will be a large increase in telegraph business, and that with the new line established and the charges on messages reduced the increase would be still greater. If more than a million words were added to the traffic in the four years from 1893 to 1897, under precisely the same conditions the increase in five years from 1897 to 1902 would be a million and a quarter words. That is to say, if the tariff of charges on messages remains unchanged at 4s. 9d. per word,