

1946

NEW ZEALAND

BRITISH COMMONWEALTH TELECOMMUNICATIONS SYSTEM

PROPOSED TRANSFER
TO PUBLIC OWNERSHIP

Presented to both Houses of the General Assembly by leave

THE ARMY OF THE UNITED STATES

DEPARTMENT OF THE ARMY

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OFFICE OF THE ADJUTANT GENERAL

WASHINGTON

THE ADJUTANT GENERAL'S OFFICE

BRITISH COMMONWEALTH TELECOMMUNICATIONS SYSTEM

EARLY HISTORY

1. The present organization of the external telecommunications services of the British Commonwealth dates from 1928, when the position created by the competition between the beam wireless telegraph services and the submarine cable telegraph services came under review by the Imperial Wireless and Cable Conference, 1928. A summary of the report of this Conference was published in August, 1928, as a parliamentary paper (F.—6.). The recommendations of the Conference were approved by the Governments of the Commonwealth, and as a result two companies were formed—one, now known as Cable and Wireless (Holding), Ltd., a merger company owning practically all the shares of the old cable companies and the Marconi's Wireless Telegraph Company, Ltd.; the other, now known as Cable and Wireless, Ltd., an operating company with a capital of 30,000,000 shares of £1 each holding all the communication assets of the above-mentioned wireless and cable companies, certain cables previously owned by the Governments of the Commonwealth, and a lease of the beam wireless stations in the United Kingdom then owned by the United Kingdom Post Office.

2. The organization was framed on semi public-utility lines. The 1928 Conference considered that, as the undertaking was one which closely concerned the several parts of the Commonwealth, the Governments, as the trustees for the public, should have a voice in the direction of policy, and that, as a corollary to handing over to private enterprise the conduct of public services, there should be an effective method for ensuring that the users of the service should not be exploited for the benefit of the shareholders in the private undertaking, while at the same time providing an incentive to the undertaking to improve and develop its services. The arrangements accordingly included the following provisions:—

(i) Two of the directors of Cable and Wireless, Ltd. (the operating company), one being the Chairman, were to be approved by the United Kingdom Government.

(ii) Cable and Wireless, Ltd. (the operating company), were required to consult, in regard to questions of policy as distinct from ordinary business and management, the Imperial Communications Advisory Committee (now the Commonwealth Communications Council), a body comprising representatives of the United Kingdom, the Dominions, India, and the Colonies. The Committee were given certain regulatory powers as to proposed increases in telegraph rates.

(iii) Any net revenue earned by Cable and Wireless, Ltd., in excess of £1,865,000 a year (referred to as the standard revenue) was to be allocated as to 50 per cent. to the company for its own purposes, and 50 per cent. to reduction of rates or such other purposes as the Advisory Committee might approve.

3. Cable and Wireless, Ltd., did not, however, under the arrangements agreed in 1928, acquire the whole of the telecommunications undertakings in the British Commonwealth. At that time there existed wireless telegraph companies (associated with Marconi's Wireless Telegraph Company, Ltd.) in Canada, Australia, South Africa, and India, these organizations operating, *inter alia*, the distant ends of the beam wireless services. When Cable and Wireless, Ltd., was formed these companies remained in being, and the terms of reference of the Imperial Communications Advisory Committee did not cover them; certain telegraph services with Europe and the external telephone services of the United Kingdom were, moreover, reserved to the United Kingdom Post Office. The 1928 Conference recommended, however, that the Governments of the Commonwealth should take steps to apply the principles of the general scheme, with such modifications in points of detail as might be necessary to meet local conditions, to the overseas telegraph undertakings operating within their jurisdiction. As a result of negotiations since 1928 between Cable and Wireless, Ltd., and the communications companies in the Dominions and India, the arrangements to-day are as follows:—

CANADA

Cable and Wireless, Ltd., operate the overseas cable services, the overseas wireless services being operated by the Canadian Marconi Company, over 50 per cent. of the shares of which are held by Cable and Wireless, Ltd. A Joint Purse arrangement is in operation between the two companies.

AUSTRALIA

Cable and Wireless, Ltd., operate the overseas cable services, the overseas wireless services being operated by Amalgamated Wireless (Australasia), Ltd., some 18 per cent. of the shares of which are held by Cable and Wireless, Ltd., and 51 per cent. by the Commonwealth Government. A Joint Purse arrangement is in operation between the two companies.

NEW ZEALAND

Cable and Wireless, Ltd., operate the overseas cable services, the overseas wireless services being operated by the New Zealand Post and Telegraph Department.

SOUTH AFRICA

Both the overseas wireless and cable services are operated by Cable and Wireless of South Africa, Ltd. This is the result of an agreement to amalgamate the wireless and cable services as from 1 October, 1930. Over 80 per cent. of the share capital of the South African company is held by Cable and Wireless, Ltd. The South African company makes an annual payment to Cable and Wireless, Ltd., for the use of its world-wide communications system, this payment being variable up or down in accordance with the gross receipts from traffic originating in South Africa.

INDIA

Both overseas wireless and cable services are operated by the Indian Radio and Cable Communications Company, Ltd. This is the result of an agreement in 1932 to amalgamate the wireless and cable services. Some 75 per cent. of the share capital of the Indian company is held by Cable and Wireless, Ltd. The Indian company makes a fixed annual payment to Cable and Wireless, Ltd., for the use of its world-wide communications system, plus a sum representing one-half of the Indian company's net profits.

RE-ORGANIZATION OF 1938

4. The 1928 organization was launched with high hopes, but the company was hard hit by the serious contraction in international trade in 1930, and, moreover, had to face foreign competition as the result of the opening of new direct wireless telegraph services competing with the services provided by the company. These difficulties led to a review of the relationship between Cable and Wireless, Ltd., and the Governments of the Commonwealth, and certain important modifications were agreed. These provided for the revenue of Cable and Wireless, Ltd., being relieved of the annual rent charge of £250,000 by the transfer of the freehold of the beam wireless telegraph stations in the United Kingdom (which had been leased to the company by the United Kingdom Post Office in 1928) in return for an interest in the equity of the undertaking. The standard revenue of Cable and Wireless, Ltd., was reduced from £1,865,000 a year to £1,200,000 a year. The interest of the United Kingdom Government in the equity of the undertaking was fixed at 2,600,000 £1 shares out of a total capital of 30,000,000 shares; and the Commonwealth Governments in general reaffirmed their policy of according the system of Cable and Wireless, Ltd., their support and co-operation. As part of these arrangements the company agreed to an immediate and substantial reduction in Commonwealth telegraph rates, a maximum rate of 1s. 3d. per word being introduced.

DEVELOPMENTS DURING THE WAR

5. The war brought new problems, and the volume of traffic was largely increased. This increase coincided with the interruption of certain cable routes, which in turn gave impetus to the establishment of direct wireless telegraph circuits, contrary to the general policy endorsed by the Governments of the Commonwealth in 1928 and 1938. Such circuits were opened between the United States and some of the Dominions (including New Zealand), India, and some Colonies, on the understanding that their operation was limited to the duration of the war and six months thereafter.

COMMONWEALTH COMMUNICATIONS COUNCIL, 1944

6. The problems arising were given preliminary consideration at a conference held in Australia in 1942, at which most of the Commonwealth Governments were represented. The problems were more fully examined by the Commonwealth Communications Council at its meeting in London in May, 1944. The Council considered that the time had come to make a fundamental change in the present organization. They did not think it adequate for the needs of the Commonwealth telecommunications system. Although companies existed in the Dominions and India, the main instrument of Commonwealth telecommunications was Cable and Wireless, Ltd., a United Kingdom company owning a substantial interest in the capital of the local companies. The Council felt it was essential that the Dominions and India should have a greater share in the administration of the Commonwealth telecommunications system, with a view to its development as a whole on both the cable and the wireless sides. Moreover, they considered that a company largely commercial in structure, with obligations to private shareholders, might not be in a position to provide a service fully to satisfy public needs and strategic requirements.

7. The Council recommended the establishment of a series of public utility corporations in the United Kingdom, in each of the Dominions, and in India, each corporation being owned by the local Government, but linked by an exchange of shareholding between the United Kingdom corporation on the one hand and the Dominion and Indian corporations on the other; the Commonwealth Communications Council acting as a clearing-house for information and as the essential co-ordinating authority on behalf of all the Governments.

LORD REITH'S MISSION TO THE DOMINIONS AND INDIA AND THE COMMONWEALTH TELECOMMUNICATIONS CONFERENCE, 1945

8. While accepting the view of the Commonwealth Communications Council that there was a case for a fundamental change in the present structure of Commonwealth telecommunications services, the United Kingdom Government did not think that the scheme recommended by the Council would provide that degree of central co-ordination essential to secure the consolidation and strengthening of the wireless and cable system which was felt to be imperative, and, with the agreement of the other Commonwealth Governments, asked Lord Reith to undertake a mission to the Dominions and

India to explain the difficulties felt by the United Kingdom Government and to explore alternatives. Lord Reith visited the Dominions, India, and Southern Rhodesia by air in February and March, 1945, returning with a large measure of agreement on modifications to the scheme put forward by the Commonwealth Communications Council. The United Kingdom Government felt unable to express a final opinion on Lord Reith's recommendations, but accepted them as a basis for further exploration with the Commonwealth Governments. With the agreement of the Commonwealth Governments, a further conference—the Commonwealth Telecommunications Conference, 1945—was accordingly held in London in July, 1945, under Lord Reith's chairmanship, to discuss Lord Reith's proposals and to prepare a detailed plan. The Governments of the United Kingdom, Canada, Australia, New Zealand, South Africa, India, and Southern Rhodesia were represented at the Conference. Representatives of Cable and Wireless, Ltd., and some of the associated companies in the Dominions, although not members of the Conference, attended certain of its meetings.

9. The Commonwealth Telecommunications Conference reached the unanimous conclusion that, in order to secure the desired strengthening and better ordering of the Commonwealth telecommunication system, a fundamental change in the present organization was essential. They recommended—firstly, that the private shareholder interest in the overseas telecommunication services of the United Kingdom, the Dominions, and India should be eliminated by the acquisition by the respective Governments of the shares in the companies; secondly, that the respective Governments should acquire (with a view to subsequent transfer, with the other overseas telecommunication services of the territory, to national organizations) the interest of Cable and Wireless, Ltd., in the Dominion and Indian companies; thirdly, that the new type of organization should, if possible, be uniform as among all Commonwealth countries; fourthly, that a Commonwealth Telecommunications Board should be established in place of the Commonwealth Communications Council, with functions mainly advisory in character, but substantially wider than those of the Commonwealth Communications Council, covering all the Commonwealth telecommunication organizations, and including:—

- (i) The formulation of joint telecommunication policy, including rates;
- (ii) The co-ordination and development of the wireless and cable systems of the Commonwealth;
- (iii) The co-ordination with the appropriate authorities of telecommunication matters affecting the defence of the Commonwealth;
- (iv) The co-ordination and conduct of research;
- (v) Negotiations with foreign telecommunication interests, if requested to undertake these by the Commonwealth Governments.

Lastly, the Conference recommended a system of pooling revenue, details of which would be worked out by the Board. The essential feature would be that the Commonwealth organizations would pay their net revenues from overseas telecommunications services into a Central Fund to be administered by the Board. From this Fund would be met the expenses of the Board and, in certain circumstances, a contribution to the upkeep of the cable system, which would continue to be owned and maintained by the United Kingdom.

The main object to be secured by these measures was a unification both of Government policy and financial interests which would enable the telecommunication systems of the Commonwealth to be developed as a whole, using both cables and wireless to the best advantage and without the artificial routing of traffic to which a divergence of cable and wireless interests naturally tends.

10. The Commonwealth Telecommunications Conference was very conscious of the difficulties which the Commonwealth telecommunication organization will have to face in the next few years. They realized, however, that it would inevitably take a considerable time to establish the new organization throughout the Commonwealth, and, in order to provide for the interim period pending the introduction of the full scheme, they suggested that the Governments of the Commonwealth should enter into an agreement providing, firstly, that the scope of the Commonwealth Communications Council should be extended to cover the Dominion and Indian organizations as well as Cable and Wireless, Ltd.; secondly, that as many as possible of the responsibilities envisaged for the Commonwealth Telecommunications Board under the full scheme should be vested in the Commonwealth Communications Council, and in particular that the Governments should endeavour to secure that the communication organizations in their territories should comply with any approved recommendations of the Council on the matters described in paragraph 9 above, and should not enter into negotiations with foreign telecommunication interests on any major points except after consultation with and agreement of the Council; and, thirdly, that measures should be taken to enable the Governments of the countries concerned to acquire ownership of the telecommunication interests in the Dominions and India at present owned by Cable and Wireless, Ltd.

PROPOSALS FOR THE FUTURE

11. The recommendations of the Commonwealth Telecommunications Conference have been accepted by all the Commonwealth Governments, and in the United Kingdom a Bill to bring the share capital of Cable and Wireless, Ltd., into public ownership was recently passed by the House of Commons, and is at present before the House of Lords.

12. In New Zealand the Post and Telegraph Department owns and operates the overseas radio-telegraph and radio-telephone services and performs all the work in connection with the acceptance, transmission, and delivery of cablegrams within New Zealand. The New Zealand Branch of Cable and Wireless, Ltd., deals only with the overseas transmission and reception of cable traffic. This work is performed in the company's cable station, which is located in the Auckland Chief Post Office building.

13. In due course the assets of Cable and Wireless, Ltd., in New Zealand—viz., cable terminal equipment—will be purchased from the United Kingdom Government and the ownership and operation of the cable station transferred to the Post and Telegraph Department, which will then be in a position to co-ordinate fully the inland and overseas telecommunication services of the Dominion, as they must be co-ordinated if the best service is to be given. Up to the present it has not been possible to achieve the necessary degree of co-ordination as the direct wireless services operated by the Post and Telegraph Department compete to some extent with the cable services operated by Cable and Wireless, Ltd. Until such time as the price of the shares of Cable and Wireless, Ltd., to be purchased by the United Kingdom Government is determined the cost of acquiring the terminal cable equipment in New Zealand will not be known with certainty, but it is estimated that it is not likely to exceed £65,000.

14. Steps will be taken in collaboration with the United Kingdom Government to safeguard the position of the staff now employed by Cable and Wireless, Ltd., in the operation of the Auckland cable station.

15. The Commonwealth Governments will, in due course, be invited to enter into an agreement in the form appearing in Appendix I of this paper, providing for the establishment of the Commonwealth Telecommunications Board and the implementation of the scheme recommended by the Commonwealth Telecommunications Conference.

16. Pending the implementation of the full scheme the Governments of the Commonwealth may be invited to enter into a supplementary agreement in the form appearing in Appendix II of this paper. Authority has been given for the High Commissioner for New Zealand in London to sign this agreement, if necessary, on behalf of the Government of New Zealand.

17. In conclusion, reference should be made to the agreement reached between countries of the Commonwealth and the United States at the Telecommunications Conference held in November and December, 1945, at Bermuda. The policy to be followed at this Conference had been discussed at the Commonwealth Telecommunications Conference in the summer of 1945. Full agreement was reached between the countries of the Commonwealth and the United States on outstanding telecommunication questions.

18. The Bermuda Agreement provides for substantial reductions in telegraph rates between countries of the Commonwealth and the United States, and contemplates the eventual introduction of a world ceiling telegraph rate of 1s. 10½d. per word, New Zealand currency, subject to the agreement of foreign administrations. The Agreement includes a statement of the principles to be adopted in determining whether a direct wireless telegraph circuit should be established between two countries, the intention being that this statement should be presented for consideration at the next International Telegraph Conference. Broadly, the proposal is that such circuits should be opened when justified by traffic or service needs, and the adoption of the principles suggested would enable the problems referred to in paragraph 5 above to be very largely met. The countries represented at the Bermuda Conference recognized the important strategic role which cables play in a co-ordinated telecommunications system, and agreed that to secure the optimum development of telecommunication services, research and development work in both cable and radio communication is essential.

19. The New Zealand Government regards the Agreement as a settlement likely to be of immediate benefit to the peoples of the Commonwealth and of the United States, and at a valuable contribution towards the resolution of world telecommunication problems. This view is fully shared by the Governments of the United Kingdom, the Dominions, and India.

APPENDIX 1

FORM OF OVERALL AGREEMENT BETWEEN PARTNER GOVERNMENTS

This Agreement is made on the day of 194 between His Majesty's Government in the United Kingdom of Great Britain and Northern Ireland (hereinafter referred to as "the U.K. Government") of the first part His Majesty's Government in Canada of the second part His Majesty's Government in the Commonwealth of Australia of the third part His Majesty's Government in the Dominion of New Zealand of the fourth part His Majesty's Government in the Union of South Africa of the fifth part the Government of India of the sixth part the Government of Southern Rhodesia of the seventh part (all of whom are hereinafter collectively referred to as "the Partner Governments"):

Whereas at a Commonwealth Telecommunication Conference of representatives of the Partner Governments held in London in July 1945 decisions were reached to recommend certain measures for promoting and co-ordinating the efficiency and development of the telecommunication services of the British Commonwealth and Empire:

And whereas the Partner Governments have adopted the recommendations of the said conference and are entering into this Agreement for the purpose of giving effect to such recommendations:

Now it is hereby agreed as follows :

PART I.—ACQUISITION OF OPERATING COMPANIES

1. The U.K. Government shall purchase all the shares of Cable and Wireless Ltd. which it does not already own at a price to be agreed or otherwise determined.

2. Each other Partner Government in whose territory a local company is operating external telecommunication services shall purchase all the shares in the local company which it does not already own or otherwise acquire the local company's undertaking.

The Partner Governments to whom this clause applies are set out in the first column of the First Schedule hereto and the companies whose shares or undertaking each such Partner Government is to acquire are set out in the second column opposite.

PART II.—ESTABLISHMENT OF COMMONWEALTH TELECOMMUNICATIONS BOARD AND NATIONAL BODIES

3. (1) For the purpose of promoting the efficiency and development of the external telecommunication services of the British Commonwealth and Empire the Partner Governments agree to the establishment of a body which shall be known as the Commonwealth Telecommunications Board and shall have the functions and constitutions set out in the Second Schedule hereto. This body is hereinafter referred to as "the Board".

(2) The functions and constitution of the Board may be amended in such manner and to such extent as the Partner Governments may, in the light of experience, agree to be expedient for carrying out more effectively the purposes for which the Board was established.

4. The Partner Governments shall contribute in such proportions as may be agreed to the expenses of the Board pending the establishment of the Central Fund.

5. For the purpose of acquiring the local assets hereinafter mentioned and of operating and maintaining its external telecommunication services each Partner Government shall either nominate an existing department or other body or establish a public corporation having the powers necessary to carry into effect the provisions of this Agreement.

The department, body or corporation so nominated or established by any Partner Government is hereinafter referred to, in relation to that Government, as "the National Body".

6. For the purpose of defining the relations between each Partner Government, the Board and the National Bodies and of providing for the expenses of the Board each Partner Government and, unless the National Body is a Department thereof, the National Body will enter into an agreement with the Board in the terms set out in the Third Schedule hereto.

PART III.—DIVISION AND TRANSFER OF ASSETS OF OPERATING COMPANIES

7. The U.K. Government shall procure that the assets of Cable and Wireless Ltd. shall as soon as practicable be divided and held in manner following, that is to say—

(a) Shares held by or for Cable and Wireless Ltd. or any subsidiaries thereof in the companies specified in the second column of the First Schedule hereto shall be transferred to the appropriate Partner

Government specified in the first column of the said Schedule at a price (which shall be paid by the Partner Government concerned in cash) to be agreed ;

(b) Assets situate in the territories of any Partner Government (other than the United Kingdom), not being cable-heads or other assets which the Partner Government agrees to exclude, shall be transferred to the National Body concerned at a price (which shall be paid by the Partner Government in cash) to be agreed ;

(c) Except in so far as the United Kingdom Government may otherwise direct the remaining assets shall be held by the United Kingdom national body.

For purposes of this Agreement the territory of a Partner Government—

(a) In relation to the United Kingdom Government, includes the Channel Islands and the Isle of Man, Newfoundland, Burma, the Colonies, Protectorates and Protected States for the administration or protection of which the United Kingdom Government are responsible, and any territory in respect of which a mandate on behalf of the League of Nations has been accepted by His Majesty and is being exercised by the United Kingdom Government ;

(b) In relation to the other Partner Governments, includes any dependent territory and any territory in respect of which a mandate on behalf of the League of Nations has been accepted by His Majesty and is being exercised by that Partner Government.

8. Each other Partner Government shall procure that the assets of any of its local operating companies whose shares or undertaking it acquires under Clause 2 and any other assets (except cable-heads) used in connection with its external telecommunication services shall be held, operated and maintained by the National Body.

PART IV.—LEGISLATION

9. Each Partner Government shall take appropriate action (whether by legislation or otherwise) to confirm this Agreement to raise and provide the finance and to obtain the other powers necessary for it to carry out this Agreement.

10. This Agreement shall come into force when it has been confirmed by all the Partner Governments.

FIRST SCHEDULE PARTICULARS OF OPERATING COMPANIES

<i>Column 1.</i> Partner Governments concerned.	<i>Column 2.</i> Companies whose Shares or undertaking are to be acquired.
His Majesty's Government in Canada	Canadian Marconi Company, Ltd.
His Majesty's Government in the Commonwealth of Australia	Amalgamated Wireless (Australasia), Ltd.
His Majesty's Government in the Union of South Africa	Cable and Wireless of South Africa, Ltd.
The Government of India ..	Indian Radio and Cable Communications Company, Ltd.

SECOND SCHEDULE

CONSTITUTION

1. There shall be established a body to be known as the Commonwealth Telecommunications Board.

2. (1) The Board shall consist, in the first instance, of nine members appointed as follows :—

(a) As to one (who shall be the Chairman of the Board), jointly by the Partner Governments ;

(b) As to one, by each of the Partner Governments separately ;

(c) As to one, by His Majesty's Government in the United Kingdom to represent Commonwealth territories not directly represented by other members.

(2) New members of the Board may be appointed as and when agreed by the Partner Governments.

3. The Commonwealth Telecommunications Board shall be a body corporate by that name with perpetual succession, and a common seal and with power to purchase, take, hold and dispose of lands and other property.

FUNCTIONS

4. The functions of the Board shall be—

(1) To make recommendations to the Partner Governments and to National Bodies on the following matters relating to their external telecommunications systems :—

(a) The formulation and execution of the joint telecommunication policy of the Partner Governments, including the fixing of rates (terminal, transit and parcoures proportions) ;

(b) Co-ordination of the development of the cable and wireless systems of the British Commonwealth and Empire ;

(c) Extensions to and alterations of the telecommunication systems of the British Commonwealth and Empire ;

(d) The provision and, where appropriate, the apportionment among National Bodies, of capital expenditure on projects ;

(e) Co-ordination with the appropriate authorities on telecommunication matters affecting the defence of the British Commonwealth and Empire or any part thereof ;

(f) Co-ordination of research in telecommunication matters conducted by National Bodies ;

(g) The exchange of personnel between the Board and National Bodies ;

(h) Any other telecommunication matter which may be referred to the Board by any of the Partner Governments or by any National Body ;

(2) At the request of the Partner Governments or National Bodies to conduct negotiations with foreign telecommunication interests on their behalf ;

(3) To promote and conduct research in telecommunication matters ;

(4) To purchase or otherwise acquire and turn to account in any manner that may be thought fit any Letters Patent or patent rights or any interest in any Letters Patent or patent rights, *brevets d'invention*, licenses, concessions, and the like conferring an exclusive or non-conclusive or limited right to use any secret or other information as to any invention in relation to any device or machine serving or calculated to serve any useful purpose in connection with any of the functions of the Board or with the business of any National Body ;

(5) To set up and administer a Central Fund for the receipt of the net revenues of the National Bodies ;

(6) To establish and support or aid in the establishment and support of associations, institutions, funds, trusts and conveniences calculated to benefit employees or ex-employees of the Board, or the dependants or connections of such persons and to grant pensions and allowances and to make payments towards insurances, and to subscribe or guarantee money for charitable or benevolent or educational objects, or for any exhibition, or for any public, general or useful object ;

(7) To borrow money temporarily in anticipation of revenue ;

(8) To sell, improve, manage, exchange, lease, mortgage, enfranchise, dispose of, turn to account or otherwise deal with all or any part of the property and rights of the Board ;

(9) To enter into, make and perform contracts of guarantees and indemnity of whatsoever kind which may be necessary or convenient for the purpose of the Board's functions ;

(10) To do all or any of the above things in any part of the world and either as principals, agents, trustees, contractors or otherwise, and either alone, or in conjunction with others, and either by or through agents, sub-contractors, trustees or otherwise ;

(11) To do all such other things as the Board may deem incidental or conducive to the discharge of any of their functions.

ORGANIZATION

5. (1) The Chairman of the Board shall be entitled to preside at the meetings thereof.

(2) There shall be a Vice-Chairman of the Board who shall be appointed by the Board and shall be entitled to preside at meetings of the Board in the absence of the Chairman.

(3) The Chairman or other officers authorized by him shall, subject to such regulations as may be made by the Board as hereinafter provided, summon all meetings of the Board for the despatch of business.

6. (1) The Board shall meet for the despatch of business, and shall from time to time make such regulations with respect to the summoning, notice, place, quorum, management and adjournment of such meetings and generally with respect to the transaction and management of their business as they may think fit, subject to the following conditions :—

(a) Meetings shall normally be held in London in the United Kingdom, but from time to time as may be found convenient, meetings shall also be held in the territories of the other Partner Governments or elsewhere as the Board may determine.

(b) A quorum for a meeting of the Board shall be not less than two-thirds of the members for the time being.

(c) Every question shall be decided by a majority of votes for the members present and voting on that question, and in case of an equality of votes at any meeting the person presiding at such meeting shall have a second or casting vote provided that, if the question to be decided is claimed by a member either before or at the meeting to be one of Governmental policy and unanimity cannot be obtained, the Chairman shall refer the question to the Partner Governments together with his report and recommendations respecting the same, and a decision on the question shall be suspended until the views of the Partner Governments have been ascertained.

(2) Where a member through illness or absence from the country in which the meeting is to be held is unable to attend a meeting, the Partner Government by whom that member was appointed shall have the right to nominate a person to act as alternate member in his place for the purposes of that meeting; and on such nomination being made the alternate member shall (except in regard to remuneration) be subject in all respects to the terms and conditions existing with reference to the other members, and whilst acting as an alternate member shall exercise and discharge all the functions, powers and duties of the member whom he represents.

7. The Board may at any time appoint a Committee or Committees of their own members for such purpose and on such conditions as the Board may decide, but the conclusions of any such Committee shall be subject to ratification by the Board.

8. (1) The Board shall appoint a chief executive officer who shall be called the Director-General.

(2) The Board shall appoint such other officers and staff as they may think necessary for the efficient transaction of their business, and shall fix such rates of remuneration, including that of the Director-General, as they shall think proper. Subject to the provisions of any contract between the Board and any officer, the Board may remove any officer (other than a member) however appointed.

(3) No member shall be appointed to any executive office of the Board.

POWER TO APPOINT ADVISORY COMMITTEES

9. The Board may appoint persons or Committees to advise them with regard to all or any matters connected with telecommunication services and the business operations and affairs of the Board. Committees shall have power to appoint Advisory Sub-Committees. Committees shall be appointed for such purposes and on such conditions as the Board may decide. The Board may from time to time make regulations with regard to the meetings and proceedings of any such Committees or Sub-Committees. The Board may pay the expenses of any such Committees or Sub-Committees, including the expenses of the members in attending them.

MEMBERS

10. (1) Members of the Board shall, subject to the provisions as to disqualification hereinafter contained, be entitled to remain in office for such period as may be fixed at the time of their appointment, which shall not exceed a period of five years.

(2) A retiring member shall be eligible for reappointment.

11. A member shall *ipso facto* cease to be a member –

(a) In the case of the Chairman, if his appointment be terminated at the joint request of the Partner Governments, or

(b) In the case of any other member, if his appointment be terminated by that one of the Partner Governments which appointed him, or

(c) If he becomes of unsound mind or bankrupt or compounds with his creditors, or

(d) If he sends in a written resignation of his office to the Board.

12. (1) The members shall receive by way of remuneration for their services as Chairman, Vice-Chairman or members as the case may be, the sums following (to be deemed to accrue from day to day), that is to say :—

	Per Annum.
	£
The Chairman	3,500
The Vice-Chairman	1,500
Each of the other members	1,000

In addition, members appointed by Partner Governments (other than the United Kingdom) may be paid such subsistence allowance (not exceeding £500 per annum) as the Board consider reasonable.

Members may also be reimbursed for expenses properly incurred by them in the due performance of their office.

(2) Except as in this clause expressly provided, no moneys of the Board derived from any source shall in any event be divided by way of profit or otherwise amongst the members.

FINANCIAL

13. (1) Prior to the beginning of each financial year the Board shall prepare and approve a budget setting forth the estimates of their expenditure for that year. Estimates of current expenses (which may include a reasonable sum in order to provide a working balance for the year) and capital expenditure shall be shown separately in the budget and shall be sub-divided under appropriate headings.

(2) The Board shall forward a copy of the budget so prepared and approved to each of the National Bodies and the Partner Governments.

(3) The current expenses of the Board shall be defrayed out of the Central Fund in accordance with the budget.

(4) The adoption of the budget, in so far as it provides for capital expenditure, shall be subject to the approval of the Partner Governments. On giving their approval the Partner Governments shall make provision of the requisite funds through the National Bodies.

ANNUAL REPORT AND STATEMENT OF ACCOUNTS

14. (1) The accounts of the Board shall be audited annually by an auditor or auditors, who shall be appointed by the Board after obtaining the approval of the Partner Governments.

(2) The Board shall, as soon as may be after the end of every year prepare a General Report of their proceedings for that year and attach thereto a Statement of Accounts.

(3) The Chairman shall, on the completion of every such annual General Report and Statement of Accounts and the Auditors' Report thereon forthwith submit the same to the Partner Governments and arrange for the same to be published in the territories of the Partner Governments.

GENERAL

15. The Board shall at all times observe the provisions of any International Conventions relating to telecommunications to which the Partner Governments have subscribed.

16. The Board shall treat persons domiciled in any of the territories of the Partner Governments as equally eligible for appointment to the Board's staff.

17. (1) No act or proceeding of the Board or of any Committee established by the Board shall be questioned on account of any vacancy or vacancies in the Board or any such Committees.

(2) No defect in the appointment of any person acting as Chairman, Vice Chairman or member or as a member of any Committee established by the Board shall be deemed to vitiate any proceedings of the Board or of such Committee in which he has taken part, in cases where the other parties to such proceedings form the necessary quorum and are duly entitled to act.

(3) Any instrument which, if made by a private person, would be required to be under seal, shall be under the seal of the Board and signed by one or more members authorized for that purpose by a resolution of the Board and countersigned by the proper officer. Any notice, appointment, contract, order or other document made by or proceeding from the Board which is not required to be under seal shall be signed by such members or officers as the Board may direct.

(4) The proper officer of the Board shall be the Director-General or any other officer duly authorized by the Board.

THIRD SCHEDULE

FORM OF AGREEMENT BETWEEN PARTNER GOVERNMENTS, BOARD AND NATIONAL BODY

*An agreement made the day of 194 between His Majesty's Government in (hereinafter referred to as "the Government") of the first part the Commonwealth Telecommunications Board (hereinafter referred to as "the Board") of the second part and the (hereinafter referred to as "the National Body") of the third part.

Whereas pursuant to the recommendations of a Commonwealth Telecommunications Conference held in London in July 1945 an Agreement has been made between the Governments of the United Kingdom, Australia, Canada, New Zealand, South Africa and India and Southern Rhodesia (hereinafter collectively referred to as "the Partner Governments") for certain measures designed to promote the efficiency and development of the telecommunication services of the British Commonwealth and Empire, including—

(a) The establishment of a Central Body on which all the Partner Governments should be represented, and

(b) The execution of an agreement in the terms hereinafter set out between the Central Body so established, each of the Partner Governments and the body by which under the said Agreement certain telecommunication assets stations and plant situate in the territory of that Partner Government are to be operated.

And whereas the Board has been established as the Central Body having the functions and constitution more particularly set out in the Second Schedule to the said Agreement.

And whereas the National Body is the body by which under the said Agreement certain telecommunication stations and plant situate in the territories of, or used by, the Government are to be operated.

* Alterations will be necessary if the National Body is a Department of the Partner Government.

Now it is hereby agreed as follows :

1. The Board shall from time to time make recommendations to the Government and to the National Body on the following matters relating to their external telecommunications systems : —

(a) The formulation and execution of the joint telecommunication policy of the Partner Governments, including the fixing of rates (terminal, transit and parcours proportions) ;

(b) Co-ordination of the development of the cable and wireless systems of the British Commonwealth and Empire ;

(c) Extensions to and alterations of any portion of the telecommunication systems of the National Body which does, or might, form part of the Empire network ;

(d) Co-ordination with the appropriate authorities on telecommunication matters affecting the defence of the British Commonwealth and Empire or any part thereof ;

(e) Co-ordination of research in telecommunication matters to be conducted by the Board, the National Body and other National Bodies operating in the territories of the other Partner Governments ;

(f) The exchange of personnel between the Board, the National Body and other National Bodies operating in the territories of the other Partner Governments ;

(g) Any other telecommunication matter which may be referred to the Board by the Government or the National Body.

2. The Board shall, at the request of the Government or the National Body, conduct negotiations with foreign telecommunication interests on their behalf.

3. The Government and the National Body agree to use the Board as a means of consultation on all or any of the matters mentioned in the foregoing clauses and on any other matters substantially affecting the external telecommunication services of the Partner Governments and will give due consideration to the recommendations and advice given by the Board.

4. (1) Before making any extension or alteration to any portion of its telecommunications system which does, or might, form part of the Commonwealth and Empire network the National Body will furnish to the Board—

(a) Particulars (together with plans where appropriate) of the extensions or alterations proposed, and

(b) An estimate of the expenditure involved.

(2) The Board will forthwith consider any such particulars and estimates and will make recommendations thereon and the National Body will give due consideration to the recommendations of the Board.

(3) If schemes are submitted which involve expenditure by two or more Partner Governments the Board will make recommendations as to the proportions in which the expenditure is to be borne by the Partner Governments concerned or the National Bodies operating in their territories.

5. (1) The National Body will furnish to the Board a budget of its expenditure in respect of each financial year (including its programme of capital expenditure) on any portion of its telecommunication system which does, or might, form part of the Empire network.

(2) The Board will forward for the consideration of the National Body such comments as they think fit with respect to the budget so furnished.

6. The National Body will furnish to the Board statements of account in respect of each financial year of the National Body in such form as may be agreed.

7. (1) The Board shall open an account for the National Body in the Central Fund.

(2) The National Body shall pay to the Board an amount equal to the net revenues derived from the external telecommunication services of the Government during any year and the Board shall credit the amount to the National Body's account in the Fund.

For the purposes of this sub-clause the net revenues derived from the external telecommunication services of the Government (including both telegraph and telephone whether operated by the National Body or not) during any year are the gross receipts during that year from all such services (except (a) manufacturing services, (b) landline services between contiguous territories and (c) ship to shore, civil aviation, meteorological services and other similar services) less—

- (i) Administrative expenses,
- (ii) Operating expenses,
- (iii) Depreciation and renewals,
- (iv) Interest on capital,
- (v) Terminal and transit charges,
- (vi) Outpayments to other operators (except other national bodies),
- (vii) All taxes (other than taxes on income or profits),

(viii) Such other expenses connected with the operation and maintenance of the services as the Board and the National Body may agree.

(3) The moneys paid into the Fund in respect of any year shall be applied—

(a) As a first charge in defraying the current expenses of the Board for that year in accordance with the budget for that year as approved and adopted in accordance with paragraph 13 of the Second Schedule to the Agreement mentioned in the first recital hereto ;

(b) In meeting any deficiency in the net revenues derived from the external telecommunication services of the United Kingdom during that year up to an amount not exceeding the cost to the United Kingdom National Body of cable maintenance and provision for cable renewals for that year.

For the purposes of paragraph (b) of this sub-clause the net revenues derived from the external telecommunications services of the United Kingdom during any year shall be ascertained on basis as is provided in sub-clause (2) but no deduction shall be made in respect of any amount which the United Kingdom National Body is required to pay under sub-clause (4) towards the current expenses of the Board for that year.

(4) That National Body shall bear the same proportion of the expenses of the Board paid out of the Central Fund under sub-clause (3) (a) above for any year as the revenue for that year from the originating traffic in bears to the total revenues from the originating traffic in the territories of all the Partner Governments for that year, or such other proportion as the Board may consider reasonable. The account of the National Body in the Fund shall be debited accordingly and, if in respect of that year the National Body has made no payment to the Fund under sub-clause (2) or has made

a payment under that sub-clause which is less than the amount so apportioned to it as above, it will pay to the Fund the amount so apportioned or, as the case may be, the deficiency.

(5) The account of the National Body in the Fund in any year will be debited with such proportion of the sums applied under sub-clause (3) (b) above as the revenue for that year from originating traffic in bears to the total revenues for that year from originating traffic in the territories of all the Partner Governments (other than the United Kingdom) for that year, or such other proportion as the Board may consider reasonable.

(6) The acceptance of the liability under sub-clauses (3) (b) and (5) and the payment of any amounts calculated thereunder shall be regarded as settlement of the indebtedness of the National Bodies among themselves in respect of transmission over the Commonwealth Communication System of traffic originating or destined for the territories of the Partner Governments.

(7) Any balance standing to the credit of the National Body in the Fund in respect of any year after making the debits mentioned in sub-clauses (4) and (5) shall be repaid to the National Body.

APPENDIX 2

FORM OF SUPPLEMENTARY AGREEMENT BETWEEN PARTNER GOVERNMENTS TO COVER INTERIM PERIOD

This Agreement is made the day of , 194 , between His Majesty's Government in the United Kingdom of Great Britain and Northern Ireland (hereinafter referred to as "the United Kingdom Government") of the first part, His Majesty's Government in Canada of the second part, His Majesty's Government in the Commonwealth of Australia of the third part, His Majesty's Government in the Dominion of New Zealand of the fourth part, His Majesty's Government in the Union of South Africa of the fifth part, the Government of India of the sixth part, the Government of Southern Rhodesia of the seventh part (all of whom are hereinafter collectively referred to as "the Partner Governments").

Whereas at a Commonwealth Telecommunications Conference of representatives of the Partner Governments, held in London in July, 1945, decisions were reached to recommend certain measures for promoting and co-ordinating the efficiency and development of the telecommunication services of the British Commonwealth and Empire ;

And whereas the Partner Governments, whilst regarding the scheme set out in the Overall Agreement recommended by the said Conference as the objective and ideal, recognize that a period must elapse before it is practicable to carry the scheme fully into effect and are therefore entering into this Agreement for the purpose of providing for such interim period.

Now it is hereby agreed as follows :—

1. For the purposes of this Agreement "territory of a Partner Government"—

(i) In relation to the United Kingdom Government, includes the Channel Islands and the Isle of Man, Newfoundland, Burma, the Colonies, Protectorates and Protected States for the administration or protection of which the United Kingdom Government are responsible, and any territory in respect of which a mandate on behalf of the League of Nations has been accepted by His Majesty and is being exercised by the United Kingdom Government ;

(ii) In relation to the other Partner Governments, includes any dependent territory and any territory in respect of which a mandate on behalf of the League of Nations has been accepted by His Majesty and is being exercised by that Partner Government.

2. Pending the establishment of the Commonwealth Telecommunications Board (hereinafter referred to as "the Board") the Partner Governments agree to regard the Commonwealth Communications Council as having the same functions as are proposed for the Board under Paragraphs 4 (1) and (2) of the Second Schedule to the said Overall Agreement.

3. The United Kingdom Government shall do its best to procure that Cable and Wireless Ltd. shall—

(a) Agree to the assumption by the Council of the functions proposed for the Board as aforesaid ;

(b) Sell all the shares held by or for it or any of its subsidiaries in the local companies specified in the second column of the Schedule hereto either to the appropriate Partner Government specified in the first column of the Schedule hereto or to persons resident in the territories of that Government at a fair price to be agreed or otherwise determined ;

(c) At the option of the Partner Government concerned lease or sell all of its assets situate in the territories of any Partner Government (other than the United Kingdom Government), not being assets which the Partner Government agrees to exclude, either to the local company concerned or to the Partner Government concerned at a fair price to be agreed or otherwise determined ;

(d) Comply with any recommendations made by the Council (or the Board when established) in respect of any of the matters mentioned in Paragraph 4 (1) of the Second Schedule to the Overall Agreement ;

(e) Comply with any proposals of the Council (or the Board when established) as to pooling and not enter into any pooling arrangement without the consent of the Council or the Board ;

(f) Not enter into any negotiations with foreign telecommunication interests on any major point except after consultation with and agreement of the Council or the Board.

4. Each other Partner Government shall do its best to procure that the local company or authority which is operating its external telecommunication services shall enter into complementary and/or similar obligations to those set out for Cable and Wireless Ltd. in Clause 3 above.

5. Nothing in this Agreement affects the right of any Partner Government to acquire all or any of the shares in, or assets of, the local company operating its external telecommunications services.

6. This Agreement shall come into force forthwith.

SCHEDULE
Particulars of Operating Companies

<i>Column 1.</i> Partner Governments concerned.	<i>Column 2.</i> Companies whose Shares are to be sold.
His Majesty' Government in Canada His Majesty's Government in the Commonwealth of Australia His Majesty's Government in the Union of South Africa The Government of India ..	Canadian Marconi Company, Ltd. Amalgamated Wireless (Australasia), Ltd. Cable and Wireless of South Africa, Ltd. Indian Radio and Cable Communications Company, Ltd.

Approximate Cost of Paper.—Preparation, not given ; printing (625 copies), £35