

Enclosure in No. 139.

SOUTH AUSTRALIA.—REPORT BY THE POSTMASTER-GENERAL ON THE CABLE QUESTION.

[Ordered by the House of Assembly to be printed, 30th August, 1899.]

Post Office and Telegraph Department, General Post Office,
Adelaide, 3rd August, 1899.

SIR,—

The Eastern Extension Company have submitted the following offer to the Australian Governments:—

(1.) To at once reduce the rates to 4s. a word on ordinary messages, 3s. a word on Government messages, and 1s. 6d. a word on Press messages, which rates they desire should be uniform to all parts of Australia and Tasmania.

(2.) To lay a cable from South Africa to Fremantle and Glenelg.

This cable will be an extension of the direct cable from England to the Cape of Good Hope, now in course of construction. The latter will connect Gibraltar, Sierra Leone, Ascension Island, St. Helena, and thence to the Cape.

The proposed extension to Australia will start from Durban (the land-lines being used from the Cape), and will connect *en route* Mauritius, Rodriguez Island, Cocos, and Fremantle, terminating at Glenelg. The work can be completed in about two years. If the cable ends at Fremantle it would probably be necessary to construct a direct land-line from Adelaide to Perth. The cable would be British throughout, touching no foreign territory, and would provide alternate means of communication with India and other British possessions in the East.

The company, it will be seen, waive all claims for any subsidy or guarantee; they ask, however, that in consideration of this liberal concession they may be allowed to open offices in Perth, Adelaide, and Melbourne to receive and deliver international telegrams from and to the public direct, as they have always done in Great Britain. This, it is understood, is only desired in the event of a State-owned competitive trans-Pacific cable being laid. The reduction on existing rates between Great Britain and the colonies would be as under:—

		Present Rate.		Saving.	
		s.	d.	s.	d.
South Australia...	... On ordinary messages	4	9	0	9 per word.
Victoria	...	4	10	0	10 "
Tasmania	...	5	5	1	5 "
New South Wales	...	4	11	0	11 "
Queensland	...	5	1	1	1 "
Western Australia	...	4	9	0	9 "

Corresponding reductions would, of course, be made on New Zealand business. The proposed tariff is to be subject to further reductions on a sliding-scale, as follows: The present Australasian guarantee to the Eastern Extension Company is £227,000 per annum, as agreed to at the Hobart Postal Conference in 1895. The yearly expenses in connection with the new cable from Africa are estimated at £123,000, making together a total of £350,000, or about £15,000 less than the average of the last three years' revenue from Australasian traffic, accruing to the Eastern Extension and associated companies. Adopting this amount as a basis, the company state in their telegram that when for three consecutive years the total traffic to associated companies has averaged £350,000 the tariff will be reduced to 3s. 6d. per word. Further, if average value in any three consecutive years exceeds £350,000, tariff to be reduced to 3s.; and, finally, if average in any other three consecutive years exceeds the before-mentioned sum, the tariff shall be still further reduced to 2s. 6d. per word; or, as explained in the telegram, if revenue continues to average £350,000 after these several reductions the tariff for—

First three years would be	...	...	...	...	s. d.
Fourth year would be	...	...	...	...	4 0
Fifth year would be	...	...	...	...	3 6
Sixth year would be	...	...	...	...	3 0
	...	...	...	...	2 6

The existing tariff of 4s. 9d. between South Australia and the United Kingdom is apportioned thus:—

United Kingdom or Europe	...	...	...	...	s. d.
Eastern, Eastern Extension, and associated companies	...	...	...	...	0 2
Indian land-line, Bombay to Madras	...	...	...	...	3 7
Java	...	...	...	...	0 3½
South Australia	...	...	...	...	0 1½
	...	...	...	...	0 7
Total	...	...	...	...	4 9

The 3s. 7d. is pooled and divided between the Eastern, Eastern Extension, and Indo-European Companies and the Persian Gulf Telegraph Department, administered by the Indian Government.

As before stated, the company propose that the reduced rates shall be uniform throughout the colonies, the Australian land-charges to be—

On ordinary messages	...	...	...	...	s. d.	s. d.
On Government messages	...	...	...	...	0 6 out of	4 0
On Press messages	...	...	...	...	0 5 "	3 0
	...	...	...	...	0 4 "	1 6