authorities would at present prices probably be exceeded, and allowing the sanguine estimate of 7 per cent. for yearly increase, the position would be:—

	Revenue.			Expenditure.			Loss.		Surplus.	
First year with one cable At the end of the tenth year	£ 90,000 165,461	s. 0 0	0	£ 160,464 160,000	g. 0 0	d. 0 0	£ 70,464	s. d.	£ s. d. 5,461 0 0	

With two cables the loss the first year would be about £200,000, and at the end of the tenth year £120,000. Thus, under any circumstances, the Australian Colonies would have to bear a serious loss under the Pacific scheme, whilst by the adoption of the Eastern Extension Company's proposals they would derive, at no cost, all the advantages of an additional cable by an all-British route, and reduced uniform rates, commencing at 4s., with gradual reductions to 2s. 6d.

British route, and reduced uniform rates, commencing at 4s., with gradual reductions to 2s. 6d.

Whatever decision is arrived at with regard to the Pacific cable, I would respectfully urge that there should be no hesitation in accepting the Eastern Extension Company's proposal, which in every respect is favourable to the colonies, which have only to decide on the adoption of a uniform Australian terminal rate to make the through charge on telegrams the same to every colony.

I should, perhaps, add, as showing the claims of South Australia for consideration, that in a few weeks we shall have two through wires from Adelaide to Port Darwin, one being a No. 10 S.W.G. hard-drawn copper wire. Both will be worked duplex, and together will be capable of

doing more than thrice the present amount of business.

On the completion of the erection of the second wire, South Australia, unaided by any of the other colonies, will have incurred a capital outlay of over £570,000. It should also be borne in mind that for many years the colony, in providing this means of communication, incurred a large annual loss.

I have, &c.,

CHARLES TODD,

Postmaster-General and Superintendent of Telegraphs.

P.S.—Since writing the foregoing I have received a message from London giving further details of the proposed sliding-scale on a basis more favourable to the Australian Governments. By this it appears that: (1.) If the associated companies' receipts from Australasian traffic at a 4s. tariff in 1898, 1899, and 1900 average £350,000, the rate will be reduced to 3s. 6d. in 1901. (2.) If the average receipts are maintained at £350,000 in 1899, 1900, and 1901, the charge on messages would then be reduced in 1902 to 3s. (3.) If the average receipts are maintained at £350,000 in 1900, 1901, and 1902, the charge to be reduced in 1903 to 2s. 6d. (4.) Should the average receipts not keep up to £350,000 any one of the above reductions would be postponed until the receipts average the standard figure of £350,000 for three consecutive years.

The Hon, the Minister of Education and Agriculture. C. Todd.

[Telegrams from the Eastern Extension Company to the Postmaster-General, Adelaide.]

No. 1.—As Melbourne Press still advocating Cape route, and Ministers admitted to recent deputation that the proposition fell through only because Australia refused to assist it, company is prepared meet the difficulty by entirely waiving subsidy and other conditions, and, besides laying Cape—Perth cable direct to Glenelg, will at once reduce tariff to 4s., and arrange for further reductions on sliding scale as traffic increases. All the company would require in return for thoroughly liberal concessions would be right to collect and deliver their international messages from and to public direct at Adelaide, Perth, and Melbourne, as they have always done in Great Britain. This is absolutely necessary to prevent company being wholly at mercy of federated Australia, who might otherwise resort to unfair competition in event of Pacific cable proving unremunerative.

No. 2.—Should company's Cape proposal be accepted, would propose new rate 4s. be made uniform throughout Australia. If this acceptable, suggest Australian uniform tariff "ordinary," 6d. out of 4s.; Government, 5d. out of 3s.; Press, 4d. out of 1s. 6d. Would also suggest that revenue from this uniform terminal should be divided among Australian Administrations according to percentage given below. If not, company would notify uniform rate throughout Australia, and pay out to Australia exact rates, taking risk of average itself. In the latter case, assume South Australia would take 4d. ordinary, 4d. Government, and 3d. Press. To meet any possible objection to extending Perth cable to Glenelg, company prepared to pay South Australia same terminal at Adelaide as at Port Darwin, even if collection and delivery duties performed by company. We estimate value of all Australian transit and terminal rates, including Tasmanian cable rate and terminal, but excluding cable rate and terminal New Zealand, average two years 1897 and 1898, £66,332. Divided by percentage:—

							rer cent.
South Australia					• • •		67.59
West Australia		•••			•••		19.39
Victoria				•••			3.24
New South Wales	• • •	• • • •	•••	•••	•••		8.37
${ m Queensland} $				•••			0.89
Tasmania					,	•••	0.08
Tasmanian cable	•••	• • •	• • •	•••	•••	• • •	0.44
π.	3. 4. 1						100.00
_	otal	•••		•. • •	• • •		100.00
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Average rate per word—Ordinary, 8d.; Government, 6¹/₄d.; Press, 4¹/₂d.