

The Pacific rates to the European continent are generally higher than the Eastern Company's route, and there does not at present appear any prospect of a reduction.

But to the advent of the Pacific cable is to be credited the general reduction of rates and the improvement in the cable services generally. The reduced rates based on the present traffic, it is estimated, mean a saving of over £50,000 a year to business firms and other users of the cables between New Zealand and other parts of the world.

From a statement furnished by the Pacific Cable Board the contracting Governments may have to provide £94,000 to cover an estimated deficiency in the working of the cable for the year ending the 31st March, 1904, New Zealand's proportion being a ninth, or £10,444. The deficiency far exceeds any previous estimate, and is one which has given rise to much comment. No explanation of this large deficit has been made, but it is a fact that the cable has not secured certain traffic it was expected it would obtain. While the Eastern Extension Company have been actively canvassing for business, the Pacific Cable Board, until very recently, made no attempt to neutralise this. The Board have now decided to solicit business in Australia and New Zealand, and otherwise protect their cable business. A brief canvass of New Zealand showed how very little had to be done to convince the public of the advantages of the State-owned cable, and the result in all respects has been highly satisfactory. Canvassers will shortly be at work in Victoria, New South Wales, and Queensland.

The Board's cable-repairing steamer "Iris," 2,850 tons, was launched in September last. She arrived at Auckland on the 21st May, left for Doubtless Bay on the 24th, and after calling at Norfolk Island, Suva, and Fanning Island was to proceed to Vancouver to lay the short length of cable between Bamfield and Alberni, already mentioned. On completion of this work she will make either Suva or Auckland her headquarters.

Nothing further has been done in the matter of connecting Fanning Island with Honolulu, so as to provide an alternative route in the event of an interruption to the Fanning Island-Vancouver section of the Pacific cable. The Board is waiting further development of the Marconi system of wireless telegraphy before deciding whether the connection shall be by deep-sea cable or by wireless telegraphy.

The cable which had been decided to be laid between San Francisco and Honolulu by the Commercial Pacific Cable Company was opened for traffic in January last. The same company is to lay a cable from Honolulu to the Philippines *via* Midway Island and Guam, and the work is already in hand. This will give San Francisco direct cable communication with the East.

CABLE BUSINESS.

The number and value of cable messages forwarded from New Zealand during 1902 are shown in the following statement. (The Pacific cable was opened for traffic—New Zealand to Southport and Suva, 23rd April, 1902; New Zealand to Vancouver, 8th December following.)

Viâ Pacific.

Destination.	Ordinary.		Press.	
	Number of Messages.	Value.	Number of Messages.	Value.
		£ s. d.		£ s. d.
International	7,573	11,600 15 8	62	132 1 4
Australia	34,785	7,452 16 3	305	237 16 11
Total for 1902	42,358	19,053 11 11	367	369 18 3

Viâ Extension.

Destination.	Ordinary.		Press.	
	Number of Messages.	Value.	Number of Messages.	Value.
		£ s. d.		£ s. d.
International	7,320	20,165 19 10	170	603 7 6
Australia	27,179	6,923 0 7	1,293	799 2 7
Total for 1902	34,499	27,089 0 5	1,463	1,402 10 1
Total for 1901	64,959	46,974 17 7	1,420	2,718 12 0

The subsidy of £235 per annum paid to the Eastern Extension Company for the midnight cable press service ceased on 8th December, 1902.