

instead of £66,640 ; and apportioning the receipts on the percentage basis proposed the receipts of each colony would have been—

				£	s.	d.
South Australia...	...	67.59 per cent.	...	33,754	0	0
Victoria	...	3.24 "	...	1,618	0	0
Tasmania	...	0.08 "	...	40	0	0
Tasmanian cable	...	0.44 "	...	220	0	0
New South Wales	...	8.37 "	...	4,180	0	0
Queensland	...	0.89 "	...	444	0	0
West Australia	...	19.39 "	...	9,684	0	0
Total	...	100.00 per cent.	...	£49,940	0	0

In the case of South Australia the loss of revenue would be about £11,000. Failing the acceptance of this percentage division, the company would still adhere to the uniform rate of 4s., 3s., and 1s. 6d. on ordinary, Government, and Press messages respectively, and pay the colonies their respective rates, taking the risk themselves. In this case, however, it is assumed that South Australia would lower its rates to 4d. on ordinary and Government messages, and to 3d. on Press messages. This, I find, would land the colony—taking the last two years—in a loss of over £18,000 a year on present revenue. Thus, excluding Western Australian business (which goes *vid* Broome, and does not affect South Australia), and taking as before the average traffic of the last two years, the revenue of this colony on international telegrams at existing and proposed reduced rates would be as follows :—

	Approximate Number of Words.	Under Old Rates, due South Australia.	Under Proposed New Rates, due South Australia.
Ordinary messages ...	1,437,843	At 7d., £41,937	At 4d., £23,964
Government messages ...	42,608	" 5d., £888	" 4d., £710
Press messages ...	117,998	" 4d., £1,966	" 3d., £1,475
Total ...	...	£44,791	£26,149

If these rates are adopted in order to secure the reduced uniform tariff it may be assumed that the other colonies would, under the guarantee still in force, supplement the South Australian receipts up to £37,552, the amount guaranteed, until the Federal Government takes over the telegraph services, when the revenue will go into one Treasury, and one uniform Australian rate probably be adopted. In the meantime, or until we have federation, the percentage division would be preferable.

With this proposal before them the position of the colonies in regard to the Pacific cable is materially altered, and it is well worthy of consideration whether, instead of the colonial Governments individually committing themselves to the large monetary responsibility involved in that undertaking, it would not be better to postpone the matter for a short time and leave it to the Federal Government to deal with, and in the meantime allow the Eastern Extension Company to carry out their plan.

On the one hand, the colonies have an unconditional offer to lay a cable, costing, say, £1,800,000 sterling, along an entirely new alternative route, touching only at British territory, and giving a reduced tariff, without subsidy or guarantee of any kind, which will result in a large saving to the colonies, and tend to the development of trade with Africa. On the other hand, the Pacific scheme involves not only a large initial outlay of £2,000,000 or £4,000,000, according as one or two cables are laid, but a heavy annual loss for many years—a loss, too, which would be increased with another cable in addition to the three we have already.

It may be safely assumed that if the rates are the same, and other things equal, the traffic will be fairly divided between the several routes, or gravitate towards that route which is the most expeditious. The Eastern Extension Company's present cables, *vid* Darwin, have the great advantage of connecting with many feeding-places, and will carry all the business with India, China, and other eastern countries ; whereas the Pacific, after leaving Vancouver, will touch at no place of any importance, and will depend almost wholly on the traffic with the United Kingdom, Canada, and the United States. The traffic with America is very small—not more than 4 per cent. to 5 per cent. of the whole—whereas we have a considerable amount of cable business with South Africa.

With regard to the Pacific scheme, it is now generally admitted that, in order to secure as far as possible immunity from interruptions, it is necessary, or at least desirable, that there should be two cables. How far this feeling is justified will be seen from the following statement, showing the experience of the Anglo-American Telegraph Company with the Atlantic cables :—

1887	...	2 out of 7 cables broken at one time, leaving 5 working.
1888	...	2 " 7 " " 5 "
1889	...	3 " 7 " " 4 "
1890	...	2 " 7 " " 5 "
1891	...	3 " 7 " " 4 "
1892	...	2 " 7 " " 5 "
1893	...	3 " 7 " " 4 "
1894	...	4 " 7 " " 3 "
1895	...	3 " 7 " " 4 "