

1890.
NEW ZEALAND.

TELEGRAPH CABLE SUBSIDY AND CHARGES

(FURTHER PAPERS RELATING TO).

[In Continuation of F.—3, Sess. I., and F.—2, 3, and 3A, Sess. II., 1887.]

Presented to both Houses of the General Assembly by Command of His Excellency.

No. 1.

The CHAIRMAN, Eastern Extension, Australasia, and China Telegraph Company (Limited), to the AGENTS-GENERAL of the AUSTRALASIAN COLONIES.

Winchester House, 50, Old Broad Street, London, E.C.,

GENTLEMEN,—

13th May, 1890.

As you are aware, a proposal was submitted some time ago by the Eastern Extension Telegraph Company to your Governments for a considerable reduction of the cable charges to the Australasian Colonies upon certain guarantee conditions, the company offering to accept one-fourth of any loss that might be sustained by such reduction; and we now learn from a telegram just received from the company's agent at Melbourne that the proposal is to be discussed at a conference of Ministers on the 20th instant.

In view, however, of the early assembling of the International Telegraph Conference to be held at Paris, when the question of reduced tariffs might come up for discussion (although the Conference has no power to compel the company to alter its rates, and, consequently, if any reduction is to be brought about it must be made between the company and the Australasian Governments outside the Conference), the company considered it advisable to invite the Agents-General of the colonies to meet its chairman and Sir James Anderson to discuss the question, in order to ascertain whether some solution could not be arrived at satisfactory to all parties.

At the conference with you yesterday you urged that a considerable reduction in rates ought to take place at once, and that the method that in your opinion would best invite the support of the telegraphing public and the colonial Governments, and most effectually test the result of a reduction, would be to reduce the tariff at the earliest date to 5s. per word, the companies taking half the risk of any loss that might ensue and the colonies the other half, the reduction to be for one year certain, with the right to revert to a tariff not exceeding 8s. per word if the test of the year showed that the reduction to 5s. could not be maintained.

These views have been carefully considered by my Board; and, as an evidence of their desire to meet the wishes of the colonies as far as possible, and to test the effect on the traffic of a large reduction of the tariff, the Eastern Extension Company is prepared, subject to the approval of its allies, the Eastern and Indo-European Companies, to reduce the tariff between Europe and Adelaide from the 1st January next from 9s. 4d. to 5s. per word for ordinary telegrams, from 7s. 1d. to 4s. 5d. per word for Government telegrams, and from 2s. 8d. to 1s. 10d. per word for Press telegrams, on condition that the Australasian Governments will guarantee to make up one-half of any loss that may be sustained by such reduction, the companies taking the risk of the other half—the guarantee to be based on the present cable traffic (1889), and to be for a fixed term of one year, at the expiration of which, if the result of the reduction is found to be encouraging, it might be tested for a further period to be agreed upon. Should the arrangement not be extended, the companies to at once revert to a tariff not exceeding 8s. per word, provided that such a rate gave the companies the same amount of revenue as they at present derive from the Australasian traffic.

The companies' present revenue from the Australasian traffic amounts to	£
to	231,163
And at the proposed reduced rates, and assuming that South Australia would accept a transit-rate of 75 centimes per word, it is estimated that it would amount to	120,429
Leaving, if no increase of traffic took place, a loss of	£110,734
To be divided between the companies and the Governments, or	
£55,367 respectively.	