

If the traffic were increased by—				£
10 per cent.	the Governments would have to make up	...	...	49,345
20 per cent.	"	"	...	43,324
25 per cent.	"	"	...	40,314
33 per cent.	"	"	...	35,295
50 per cent.	"	"	...	25,260
75 per cent.	"	"	...	10,206
92 per cent.	"	"	...	Nil

distributed as follows :—

Colony.	Population (1888 Basis).	10 per Cent.	20 per Cent.	25 per Cent.	33 per Cent.	50 per Cent.	75 per Cent.	92 per Cent.
		£	£	£	£	£	£	
Victoria ...	1,090,869	14,634	12,850	11,957	10,468	7,491	3,027	Nil.
New South Wales...	1,085,740	14,565	12,790	11,901	10,417	7,456	3,012	"
New Zealand ...	607,380	8,147	7,154	6,658	5,832	4,171	1,686	"
Queensland ...	387,463	5,197	4,564	4,246	3,718	2,662	1,076	"
South Australia ...	318,308	4,270	3,749	3,490	3,054	2,186	884	"
Tasmania ...	146,149	1,967	1,721	1,601	1,402	1,005	405	"
Western Australia...	42,137	565	496	461	404	289	116	"
Totals ...	3,678,046	49,345	43,324	40,314	35,295	25,260	10,206	

It will be seen that this proposal is much more favourable to the colonies than the former one, the companies taking one-half instead of one-fourth of the risk of the reduction, and the liability of the Governments being limited to one year instead of eleven years ; and I therefore trust that it will commend itself to your favourable consideration, and that you will be able to recommend it to your Governments for approval.

I have, &c.,
The Agents-General of the Australasian Colonies. JOHN PENDER, Chairman.

No. 2.

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.,
25th May, 1890.

GENTLEMEN,—

Since our conference yesterday, I have had a meeting with our allied companies, which leads me to believe that we shall be able to eventually come to an understanding with them, more particularly the Eastern and Indo-European Telegraph Companies. The Persian Gulf Department may be more difficult to deal with ; but, as that Administration is practically the Indian Government, probably the influence of the colonies upon India may be effectual in bringing them also into the proposed arrangement. However, there is no time to be lost ; and it is very important, while the Conferences are sitting in Adelaide and Paris, that the principle should be definitely settled.

Therefore, believing that the present difficulties will be overcome, I am prepared to accept the 4s. tariff, although it involves a very large additional loss in the first instance. Still, I believe that the lower rate will probably more quickly recoup the loss than the higher tariff ; and as the 4s. rate was embodied in our first proposition to the colonial Governments, and has evidently made an impression on the minds of the colonists, we are the more anxious that whatever arrangement is made should command the approval and support of all parties concerned.

The term for testing the effect of a cheap tariff will be for one year certain ; but if at the end of that period, as I have stated in my telegram to Adelaide, our loss is not a serious one we shall have no objection to extend the term to three years, at the end of which time, if it is found that the loss is likely to be recouped within a reasonable period, the arrangement shall be continued for the remainder of the term of our subsidy agreement with the colonies.

It is understood that the reduced tariffs come into force on and from the 1st January next. This will give ample time for the financial arrangements with the different colonial Governments and Her Majesty's Government to be made, but these, of course, rest entirely with Governments themselves.

I am, &c.,
JOHN PENDER, Chairman.

P.S.—I enclose a copy of the telegram I am to-day forwarding to our agent at Adelaide, giving the company's decision in regard to Mr. Derham's resolution.

Enclosure.

EXTENSION COMPANY to AGENT, Adelaide (Sunday, 25th May).

AFTER further conferences with Agents-General, and rather than lose present favourable opportunity of settling matter, chairman willing to waive conditions specified in telegram to Todd, 23rd, and will agree to a 4s. tariff for ordinary, 3s. 6d. for Government, and 1s. 10d. Press messages. Governments should remember that the half-rate is only given over the Extension lines in consideration of the subsidy which the Extension Company receive from the colonies, and therefore