

impossible reduce Government messages below 3s. 6d. With regard to duration of experiment, chairman must adhere to previous proposal, namely: if at end of first year no serious loss involved company will continue experiment for another two years, but this must remain at company's option. Should loss be nearly recouped at end of three years, company will extend arrangement for remainder of subsidy term. Above figures are based on South Australia accepting transit-rate of 50 centimes.

No. 3.

SIR J. PENDER'S PROPOSED STATEMENT TO THE CONFERENCE.

Proposed Reductions of Tariff to Australia.

As reports are in circulation in regard to reductions in tariff to Australia, I am instructed by the companies interested to state, for the information of the Conference, that, for the purpose of testing the effect of a substantial reduction of the rates to Australia, negotiations are in progress with the Australasian Governments for lowering the rates to 4s. per word for public telegrams, 3s. 6d. per word for Government telegrams, and 1s. 10d. per word for Press telegrams for a tentative period of one year, to be extended if found to work satisfactorily, on the condition that the Australasian Governments guarantee the companies against one-half the risk of loss, the companies taking the other half should the receipts at the reduced tariffs fall short of the companies' present earnings from the Australasian traffic.

These figures may, however, be altered as the negotiations are at present incomplete, and for the same reason further details cannot now be furnished, and it is feared that definite terms will not be completed before the Conference closes, but the companies consider it only respectful to the delegates that they should be made acquainted with what is going on, and have therefore desired me to make this announcement; and as soon as the negotiations are concluded the International Bureau at Berne will be fully informed, so that the various Governments represented at the Conference may be officially advised of the arrangements come to.

These negotiations relate to the Australasian tariffs only, and do not in any way interfere with the tariff arrangements contemplated for other countries, which will be announced to the Conference at the proper time.

As the delegates are aware, the policy of the companies has always been to make the submarine cables as international as possible; and they would be pleased if the benefit of the proposed reductions could be extended to all the nations of Europe. Many important interests are, however, involved in this question, and the companies are therefore carefully considering the matter to see how far it is possible to attain such a laudable object.

June, 1890.

[Approximate Cost of Paper.—Preparation, nil; printing (1,325 copies), £1 18s. 6d.]

By Authority: GEORGE DIDSBURY, Government Printer, Wellington.—1890.