

In the foregoing estimates of revenue I have reckoned only the normal increase under a high tariff, and take no account of the greater increase which certainly will result from the charges being lowered, as proposed. I have likewise added nothing from the Australasian-North American business, the whole of which would flow to the Pacific cable. I am quite warranted, therefore, in expressing the opinion that the estimates of revenue I have presented are not exaggerated or unreasonable, and that the Pacific cable established by Government in the manner proposed would effect very important results. It would practically extinguish all subsidies now paid, and render guarantees unnecessary. It would permanently establish low rates for ocean telegraphy. It would yield a revenue which, after paying working-expenses, and providing for maintenance and renewals, would make good all interest-charges on the whole cost of the undertaking from the beginning, and in a very few years would furnish large surplus earnings. I venture to think, then, that if the resolution passed by the Postal and Telegraph Conference in March last be generally assented to in these colonies, the Governments need not hesitate in incurring the comparatively small, almost nominal, liability necessary to secure a telegraph connection across the Pacific, which every British subject will recognise to be of the greatest national and commercial value.

3.—EXTRACT from Mr. FLEMING'S LETTER to Hon. M. BOWELL, 20th July, 1894.

[For text see F.-5A. 1894, from "With respect to the revenue," page 5, to "self-sustaining from the first," page 6.]

4.—LETTER from GEORGE JOHNSON, Esq., DOMINION STATISTICIAN

DEAR SIR,—

Office of the Statistician, Ottawa, 29th November, 1894.

I have examined your statements before the Intercolonial Conference *in re* the Pacific cable, and have the following remarks to make. First, respecting the growth of business, and, second, respecting the proportion the new route could hope to secure.

1. Taking the statistics of growth, I find the following:—

Year.	No. of Words transmitted.	Increase.			Tariff per Word.
		Actual.	Per Cent. for Period.	Per Cent. Yearly.	
1875	235,160				
1880 ..	353,348	118,188	50	10·0	9s. 4d.
1885 ..	537,355	184,007	55	11·0	9s. 4d.
1890	827,278	289,923	54	10·8	9s. 4d.
1891 ..	1,275,191			54·0	9s. 4d. and 4s.
1892	1,321,412			3·6	4s.
1893	1,401,293			6·0	4s. 9d.

The actual increase in the three years 1891–93 over 1890 was 574,015. The number of words transmitted is taken from returns submitted to the Postal and Telegraph Conferences held in Adelaide in May 1890, in Queensland in March, 1893, and in New Zealand in March, 1894. They show that during fifteen years (1875–90) of high tariff (9s. 4d. per word) the increase in the number of words was 251·8 per cent., and that during the three years 1891–92–93, in which period the rates were reduced to 4s. and 4s. 9d., the increase over 1890 was 69·2. For the whole period covered by these statistics the increase is 496 per cent. From these figures of percentage it appears—First, that during the period 1875–90 the growth of business under a 9s. 4d. tariff was equal to an annual average of 16·8 per cent., second, that under a 4s. and 4s. 9d. tariff the average annual growth from 1890 to 1893 (three years) was 23 per cent. Your estimate of 14 per cent. increase appears, in the light of these facts, to be a very conservative one.

2. How much of the business could a cable competing with the existing one hope to secure?

(a.) A telegram from Melbourne to London by the existing line has to travel 13,695 miles of wire, of which 2,704 miles are in Australia, and are, therefore, land wire. The land wire in Asia is, I judge, about 1,000 miles more of wire. A telegram from Melbourne to London *via* Canada would travel 14,414 miles, of which 3,764 would be land wire. In respect to the greater danger of stoppage and delay from land wire, the two lines would be, practically, on an equality. (b.) Your estimate is that one-half of the words sent by cable between Australia and the rest of the world would be sent *via* the line across Canada.

According to the return of 1892 there would be, on this estimate, 660,706. But some portion of the total of 1,321,412 words must be Asiatic business, since Australia imports of tea alone 33,000,000lb. a year direct from Asia. From various *data* I estimate the Asiatic business at one-eleventh of the whole. Deducting this, we have 1,191,000 words to represent European business, of which the new proposed route would stand a fair chance to secure one-half. I would therefore place the estimate at 595,000 (or 600,000) words instead of 637,595.

Taking this estimate and applying to it the 16·8 per cent. increase, the estimate for 1895 would be 695,000 words, or 31,860 less than your estimate. For 1896 it would be 811,760 words, or 4,362 less. In 1897 it would be 948,000 words, or 42,000 more than your estimate. My calculation would give fewer words for 1895 and 1896 and more words for 1897, and still more in succeeding years.

I have taken the percentage of the period when the tariff was 9s. 4d. per word. If the percentage under a 4s. tariff were taken, the growth would be much greater, and undoubtedly the