

The cables would have to be made in accordance with a specification approved in every respect by the British Telegraph Department. If capital raised at $2\frac{1}{2}$ per cent., the annual cost would be :—

<i>One Cable.</i>				£	s.	d.
Interest on £2,000,000, at $2\frac{1}{2}$ per cent.	...	...	...	50,000	0	0
Sinking fund, say	...	...	...	20,500	0	0
Working-expenses	...	...	...	25,000	0	0
Maintenance, including two steamers, renewals, &c....	...	...	...	80,000	0	0
Total	...	...	...	£175,500	0	0
If interest $2\frac{3}{4}$ per cent.				£180,500	0	0
<i>Two Cables.</i>				£	s.	d.
Interest on £4,000,000, at $2\frac{1}{2}$ per cent.	...	...	...	100,000	0	0
Sinking fund	...	...	...	41,000	0	0
Working-expenses	...	...	...	30,000	0	0
Maintenance	...	...	...	135,000	0	0
Total	...	...	...	£306,000	0	0
If interest, $2\frac{3}{4}$ per cent.				£316,000	0	0

The foregoing estimates are very moderate. The annual cost of maintenance, which includes all repairs and renewals of cable, is necessarily an uncertain and variable factor, as it depends on the nature and number of faults and breakages of the cable, and the quantity of new cable required. A break in the deep sections of the Pacific might, and probably would, cause a prolonged and costly interruption, in which case the estimate for the year might be largely exceeded. We may anticipate that the whole of the original cable would be replaced in probably less than forty years—such is the general experience, and the life of a cable is variously estimated at from twenty-five to thirty years.

The sinking fund provides for various contingencies and for gradual replacement of capital; the working-expenses provide for six stations—Vancouver, Fanning Island, Fiji, Norfolk Island, New Zealand, and the Australian Coast—also for general management.

Coming now to probable revenue, it is, of course, impossible to say how much of the traffic would be diverted. A working arrangement would, no doubt, be arrived at by the proprietary Governments on the one side and the Eastern Extension Company on the other. Actual competition would be avoided, and the rates, as far as possible, assimilated. We may assume that practically the whole of the West and South Australian traffic would go by existing routes and the proposed cable from Africa, and about one-half of the traffic with the eastern colonies, except New Zealand. The number of words during the past three years (1896, 1897, and 1898) was as follows :—

				Words.		
				1896.	1897.	1898.
Victoria	...	...	...	551,894 $\frac{1}{2}$	508,554 $\frac{3}{4}$	499,033 $\frac{1}{2}$
Tasmania	...	...	...	10,893	12,410	11,718 $\frac{1}{2}$
New South Wales	...	...	...	481,409 $\frac{1}{2}$	484,715	486,260
Queensland	...	...	...	14,135	52,012 $\frac{1}{2}$	89,889
New Zealand	...	...	...	288,842	246,365	221,508 $\frac{1}{2}$
Total east colonies	...	...	...	1,347,174	1,304,057 $\frac{1}{4}$	1,308,409 $\frac{1}{2}$
South Australia	...	...	...	307,487	306,232 $\frac{3}{4}$	299,319
West Australia	...	...	...	672,323	511,926	376,091 $\frac{1}{2}$
Total west colonies	...	...	...	979,810	818,158 $\frac{3}{4}$	675,410 $\frac{1}{2}$
Grand total	...	...	...	2,326,984	2,122,216	1,983,820

The business with West Australia has largely increased owing to the developments in gold-mining and consequent active speculations. The last two years, however, show a steady decline. Looking at the figures for the other colonies, we find also a decrease in 1898 on 1897. It would not be safe to estimate a yearly increase in the future of more than 5 per cent.; but, to take a favourable view, I would allow, say, 900,000 words as the Pacific cable's share in 1903 or 1904. These would consist mostly of ordinary messages, and the balance the average proportion (about one-ninth) of Government and Press matter. The through rate suggested is 3s. on ordinary messages; or, deducting the out-payments to Europe, the Atlantic cables, Canada, or American land-lines, and Australia, say, 1s. 6d., the Pacific share would be 1s. 6d. Taking, for simplicity's sake, all the words at ordinary rates, we have :—

<i>With One Cable.</i>				£	s.	d.
Revenue—900,000 words at 1s. 6d.	...	...	...	67,500	0	0
Expenditure—One cable	...	...	...	175,500	0	0
Loss, first year, at $2\frac{1}{2}$ per cent. interest on capital	...	...	...	108,000	0	0
Or, if interest $2\frac{3}{4}$ per cent.	...	...	...	113,000	0	0