

REDUCTION OF CABLE RATES TO AUSTRALIA.

The following extract from a Sydney paper, the *Daily Telegraph*, just to hand, shows the present position as regards the proposed reduction of rates: "The subsidy paid by the Australian Colonies, with the exception of Queensland, to the Eastern Extension Company amounts to £32,000 per annum. The contract expires before the end of the year. At the Hobart Conference the question of a reduction in the rates came up for consideration, and it was decided that efforts should be made to secure this end. From the correspondence published below, and which has been furnished by the Postmaster-General (Mr. Cook), it will be seen that the company decline to discuss the question excepting on the basis of the colonies subsidising the new Cape cable. The reduction asked for is from 4s. 9d. per word to 4s., but an intimation has been received that the company are waiting before entertaining the proposal for the Governments of the Australian Colonies to definitely decline to consider the proposals with regard to the Cape route. Mr. Cook states that so far as he knows the Governments have already decided on that point, and against the proposal. This was at the Premiers' Conference in Melbourne. Under these circumstances the attitude of the company appears to the Postmaster-General to be, as he describes it, somewhat extraordinary. At the same time, he wishes the public to understand that every effort has been made to secure a reduction in the cable rates, irrespective of the Cape-cable project, but, so far, without success. The following is the correspondence referred to:—

"Postal and Electric Telegraph Department, General Post Office, Sydney, 14th April, 1898. —Sir,—Referring to the understanding at Hobart last week that you would communicate further with your company in England regarding the question of a new agreement and reduction of cable rate between Australia and Great Britain, I am directed by the Postmaster-General to inquire whether the company is prepared to make any fresh proposals, irrespective, of course, of those in connection with the projected South African route.—I have, &c., S. H. LAMBTON, Deputy Postmaster-General.—W. Warren, Esq., Manager in Australasia, E.E.A. and C. Telegraph Company (Limited), Melbourne.

"The Eastern Extension, Australasia, and China Telegraph Company (Limited), Melbourne, 20th April, 1898.—Sir,—In acknowledging the receipt of your letter of the 14th instant, I have the honour to state that I made no promise to the Hon. the Postmaster-General to communicate further with the company regarding the question of a new agreement and reduction of the cable rate. In reply to his inquiry, I am directed to say that the company have no further proposals to make other than those already submitted to the respective colonies for an alternate route *via* the Cape, and now await their decision respecting the same.—I have, &c., W. WARREN, Manager in Australasia.—S. H. Lambton, Esq., Deputy Postmaster-General, Post Office, Sydney."

In reply to further representations by Mr. Cook, Mr. Warren wrote on the 9th June as follows:—

"SIR,—I have the honour to acknowledge the receipt of your letter, No. B2/98—2222, of the 8th instant, and in reply to state that my company cannot offer any opinion or advice respecting the proposal for reducing the tariff to 4s. until the Australian Governments definitely decide whether they will or will not take part in the Cape-cable scheme. Should they definitely decide in the negative, my company will then be prepared to consider any proposals that may be submitted for a 4s. tariff.—I have, &c., W. WARREN, Manager in Australasia."

The following extract from an enclosure to a letter from Sir Sandford Fleming to Sir Wilfrid Laurier, dated Ottawa, 28th December, 1897, with regard to the Eastern Extension Company, will be interesting:—

"The Eastern Extension Company represents a combination of associated companies engaged in telegraph transmission between England and Australasia. The lines of the company comprise those of three amalgamated companies: (1) The 'British India Extension,' from Madras to Singapore, with a share capital of £460,000; (2) the 'British Australian,' from Singapore to Australia, with a share capital of £540,000; (3) the 'China Submarine,' from Singapore to Hongkong and Shanghai, with a share capital of £525,000. The combined share capital of these three companies mounted to £1,525,000. On their amalgamation the united share capital, by a well-known process of 'watering' to the extent of £472,500, was increased nominally to £1,997,500. The united company, since known as the Eastern Extension, Australasia, and China Telegraph Company (Limited), has been exceedingly prosperous; it has paid 7 per cent. on the enlarged capital, equal to 9 per cent. on the original capital. An examination of the published statements establishes that it has, in addition, expended out of the profits earned no less a sum than £1,571,540 on extensions and other productive works, and there remains unexpended and undivided to-day a reserve of surplus profits amounting to £804,193. These figures establish that the Eastern Extension Company has become a remarkably profitable investment. It regularly pays good dividends, but the dividends are no guide to the profits made. It holds in reserve undivided profits far exceeding in amount the whole value of its cables between Asia and Australia. The accounts of the company for 1896 and the first half of 1897 show that the net profits actually earned during these periods amounted to 13 per cent. on the present capital, and 17 per cent. on the capital prior to its being watered."

SIDE-LIGHTS ON CABLE ROUTES.

In the Melbourne *Argus* of the 26th August we notice a long article (No. 1) under the heading of "The Proposed Pacific Cable." We do not intend to criticize this, as it is simply a *rechauffé* of the objections and misleading statements which those who are interested in opposing the laying of a cable across the Pacific take every opportunity of publishing for the consumption of the colonial public, who have not had the opportunity of acquiring a proper insight into the matter. This knowledge might have been in their hands had the proceedings of the Commission of inquiry, held in the Colonial Office at Downing Street at the end of 1896, been presented to the House of Commons. The supposed analysis of the Pacific scheme now being published in Australia is, as has previously been the case, utterly misleading, and evidently springs from a biased source.—*Electrical Review*, 7th October, 1898.