

9th Day.]

CHEAPENING OF CABLE RATES.

[15 June, 1911.]

Sir JOSEPH WARD—*cont.*

which is now imposed as the outcome of the public generally being prevented from using those cables would be removed, and a very much wider use of the cables could be made. Previous to the laying of the Pacific Cable, for instance, the charge from New Zealand to the United Kingdom was 5s. 2d. per word—that is, for ordinary messages (I am not referring to Press or Government messages) and it is now 3s. a word; and there was a proposal made not long ago further to reduce the charge to 2s. 6d. a word. That was contemplated, as a matter of fact, but the introduction of the deferred system of cables put that aside, and we remain as we were before at 3s. a word.

I want to refer to the financial results of the Pacific Cable Board for a moment, because I know it is not an unusual thing to point out that, after making provision for a provident fund, and for the maintenance of the repair ship, and all the expenses connected with the cable stations, and the cable itself, the financial results to the contributories to the Pacific Cable Board, who represent the owners, the United Kingdom, Canada, Australia, and New Zealand, do not justify the further lowering of the charges over that cable. The total cost under all headings of the Pacific Cable for 1910, including, as I have said, the provident fund, the maintenance of the repair-ship, and all the expenses at the head office and the cable-stations, amounted to 63,767*l.* in round figures, and the receipts to 111,723*l.* That left a sum of 47,956*l.*, to meet the renewal account, and 30,000*l.* of other charges. My belief is—and it is the experience in connection with the working of the New Zealand telegraphs—and I have also noticed the same thing applies to a very large extent to the working of the postal system in Canada, for the purpose of making a comparison as to what the lowering of charges will bring about, that if you keep the charge at a point at which the public will not use it freely, you do distinctly restrict the business and consequently restrict the revenue. If you go far enough, to induce the public to use it—that is to say, if you take the converse case, all the experience we had in connection with the establishment of penny postage in Canada and New Zealand, that while we made an enormous reduction from the old rates to the new, as the result of coming down to a popular charge, the services were used to such an extent by the public, that within 2½ years both those countries not only recovered the enormous loss they made in the first instance, but they made a considerable profit beyond; and my opinion is that this system they have in operation connected with the cables at the present time, not the Pacific Cable alone, but the other private companies which are working, and not keeping their wires full, and combining and allowing a number of their cables to be not only not fully used, but some of them practically not used at all, is injurious from the point of view of the public, and certainly has a most restrictive effect on the use of the cables themselves.

I would just like to take the opportunity of saying I agree to a very large extent with the views put forth in a memorandum by Mr. Henniker Heaton concerning cable business, and I will put a portion of it on record, because it puts in a concrete form my views of what I believe ought to be the policy of the countries that now own the Pacific Cable, and, indeed, in connection with cable services generally. I want to make it clear that I should be one of the last, and I am perfectly sure there is no other representative at this table who would desire to do anything to injure the existing private companies who have carried on a great work, and prior to the Pacific Cable becoming State-owned did the work of the world as far as cables were concerned very well, and had always kept before them the interests of the shareholders of the different companies concerned; but at the same time their rates for many years, in my opinion, were excessive, and prevented the public using those cables. My own belief is—I am not introducing the matter here except incidentally—that it would pay all the countries concerned to relieve those people of their cables altogether, and pay them full value, and run them as the State-owned cables; and a very large profit, after providing an Amortization Fund and a Depreciation Fund, could be obtained if a course of the kind I am suggesting was put into effect.

Probably the better plan will be to deal with the question of the State-owned Atlantic cables, but I want to say just at this point that in this matter of the cheapening of the cable rates there is a feeling, certainly in the oversea countries, that the present position is due to a combination; it is believed there is a ring in the