

FOREIGN SUBSIDIES.

1.	Paid by Malacca	£ 1,000
2.	do Manila	8,000
3.	do Tonquin.....	10,000
4.	do Maccao	500
5.	Offered by Hawaii.....	4,000
		<u>£24,100</u>
	Total subsidies.....	<u>£60,700</u>

In this list of subsidies it will be noticed that only five British Colonies contribute, while ten British Governments in all are more or less directly and specially interested in the establishment of the new line of telegraph. It would manifestly be unfair to these five colonies if they were left to bear the whole burden. It seems proper that the other five British Governments should bear an equitable share of the cost.

The available foreign subsidies amount in all to £24,100 per annum. If we deduct this annual asset from the cost per annum of the new capital (£60,900) there remains £36,800 to be met in equitable proportions by the ten British Governments concerned in the scheme. Let us assume that half this annual charge be borne by the five contributing Governments and the other half by the five Governments not now contributing the account will stand thus:—

Payable by	Amounts.
1. New South Wales.....	} £18,400
2. Victoria.....	
3. South Australia.....	
4. Western Australia.....	
5. Tasmania.....	
6. The United Kingdom.....	} 18,400
7. India.....	
8. Canada.....	
9. New Zealand.....	
10. Queensland.....	
	<u>36,800</u>

The exact proportions payable by each Government can only be determined by negotiations and mutual agreement, but the above sets forth generally the features of a scheme which seems well calculated to accomplish the desired object. Five of the Australian Colonies are bound by agreement to contribute until the end of the present century a subsidy of £36,600 per annum. According to the above division these colonies would have their liability reduced to £18,400 per annum, scarcely more than half what they now pay. Their direct gain would be £18,200 per annum while their indirect gain resulting from reduced charges and facility of intercourse would be infinitely greater.

In view of the important advantages in which all would participate, it cannot be urged that the other Governments not now contributing would be greatly burdened by the joint payment of £18,400 per annum.

It will not be overlooked that when the foreign subsidies expire a further charge of £24,100 per annum will have to be met from some source. Even if it be required to be borne by the ten Governments in equitable proportions, it could not weigh heavily on any of them, but it is anticipated that when all the subsidies run out the revenue from the telegraphs will be amply sufficient to meet interest and every other charge. The new Pacific telegraph system as a Government work will be established with capital secured at a very low interest, making it possible for a profitable business to be done at exceedingly low schedule rates. The great reduction in