Some progress has already been made. Under a unique partnership between the Government of the Mother Country, and Canada, New Zealand, New South Wales, Victoria, and Queensland, the Pacific Cable has been established. After long negotiations it was at length agreed that these six Governments should co-operate and share in the cost in the following proportion, viz: New Zealand, New South Wales, Victoria and Queensland, each 1/9th, Canada and the Mother Country, each half the remaining 5/9ths. The whole capital amounting to £2,000,000 was found by the Imperial Treasury, and the six co-operating Governments arranged to make good each their share, by terminable annuities which, including sinking fund and interest, amounted to £77,545. To this yearly payment was added £35,000 to form a Reserve Fund to provide for the replacement of the Cable, when necessary, at some future time. This financial arrangement designed to pay off the original Capital debt incurred, and eventually leave a new Cable without debt, was regarded as a favorable one for each partner. There is a misapprehension, however, in many quarters. When the annuities are called for and paid to the British Treasury, they are spoken of as deficits in cable earnings and generally regarded as losses sustained in working the Pacific Cable. That is in no sense the case. The scheme of annuities is the means which was taken by which it was believed the partners could best and most easily meet their share of the capital required to establish the undertaking and place it on a good footing. If the returns be examined it will be found that there never has been any loss in working the Cable. The working expenses include all salaries and all outlay at the Head Office in London, and at the several Cable stations between London and Australia, also a Cable Ship and a provident fund for the benefit of employees, indeed every charge not covered by the terminable annuities mentioned. On that basis the following table is prepared for the four whole years the Cable has been in operation.

| | 1903–4 | 1904–5 | 1905–6 | 1906–7 |
|---|---|---|---|---|
| Receipts from traffic | £80,118 | £87,447 | £91,952 | £113,516 |
| Working Expenses | 54,824 | 50,752 | 52,964 | 57,895 |
| Excess of earnings over working expenses | 25,294 | 36,695 | 38,988 | 55,621 |

This information furnished by the Parliamentary Returns of the United Kingdom, thus show that the Pacific Cable is not the losing concern which many have supposed. Last year the net earnings over and above actual working expenses amounted to about $275,000, and the table shows that there is a steady advance in surplus earnings year by year.

We have the further testimony of the Auditor-General of Canada, that the Pacific Cable is not only self-sustaining, but that its earnings are employed in part to pay off the original capital expenditure. The two sums mentioned £77,545, and £35,000, together amounting to £112,545 represent the total aggregate annual