

The above proposition is based upon a continuous service and freedom from competition. In the event of the communication being totally interrupted, the guarantee to continue for a period of one month.

Since the Australian cables were duplicated in 1880 the service with Australia has been interrupted for only 26 days, or on an average of less than four days annually.

WINCHESTER HOUSE, 50, Old Broad street, E.C.,  
April, 1887.

IV.—24.

PROPOSED CABLE FROM VANCOUVER ISLAND TO AUSTRALIA.

PACIFIC TELEGRAPH COMPANY (LIMITED),

34, CLEMENT'S LANE, LONDON, 3rd May, 1887.

SIR,—Referring to the proposal submitted by the Pacific Telegraph Company for the consideration of the Colonial Conference on the 20th April, 1887, I am now instructed by the directors of the company to submit, as an amended proposal, the following:—

1. The Pacific Telegraph Company shall lay a line of cable from Vancouver Island to Australia, touching at Hawaii, Fanning Island, Samoa, Fiji, and New Zealand.

2. The Governments of Great Britain, of Canada, and of the Australian colonies, shall guarantee to the Pacific Telegraph Company, government traffic to the amount of £75,000 per annum, in such proportions as may be mutually agreed upon by the said Governments.

3. The above guarantee shall date from the completion of telegraphic communication between Canada and Australia by the company, and shall continue in force for 25 years from that date, subject to the following conditions:—

4. In the event of telegraphic communication being interrupted, 35 days shall be allowed to the company for repairs; if at the expiration of 35 days, telegraphic communication shall continue to be interrupted, then the guarantee shall be suspended from that date until telegraphic communication be re-established.

5. The rate per word payable by the Governments shall be the current rate charged by the company to the general public, but such rate shall never exceed 4s. per word for the transmission of messages from England to Australasia.

In my statement to the Colonial Conference on the 27th April, I mentioned that the proposal of the Pacific Telegraph Company, which was then before the Conference, for an annual subsidy of £100,000 for 25 years was based upon calculations as to the approximate cost of constructing and laying a cable which were made some time ago.

I further stated that the company was at that very time actually engaged in collecting expert evidence as to the most recent improvements in the manufacture of cables, and the consequent reduction in the cost of constructing and laying them. The result of the investigation has been to convince the directors that the original estimate for the cost of the undertaking will bear some reduction.

In addition to the above, the directors have been influenced by considerations of even greater weight. Events of very recent date point to the certainty of the Pacific Ocean being shortly developed as one of the main waterways of the world's commerce. In view of the very largely increased intercolonial telegraphic traffic which must inevitably follow any such development, the directors feel justified in accepting the extra risk which the reduction of the guarantee from £100,000 to £75,000 per annum will entail.

As above stated (in clause 5), the directors of the Pacific Telegraph Company bind themselves to start by reducing the rate to 4s. per word for the transmission of