

Average annual receipts of the three companies:—

	£	£	£
Eastern	51,338		
Indo-European.....	7,669		
Eastern Extension.....	124,221		
		183,228	
Revenue at 2s. 6d. rate based on average of three years to 1885.....		35,220	
			148,008
Amount to be made up if no increase took place			148,000
			£
Increase of 25 per cent. would reduce it to.....			139,195
do 50 do do			130,390
do 75 do do			121,585
do 100 do do			112,780

APPORTIONMENT OF GUARANTEE.

COLONY.	Popula- tion based on 1884 Statistics.	Existing Subsidies paid by Australian Colonies to Eastern Extension Company.	Amount to be contributed in addition to existing Subsidies if Tariff reduced to 2s. 6d. per word, and Traffic increased by			
			25 per cent.	50 per cent.	75 per cent.	100 per cent.
		£	£	£	£	£
Victoria	961,276	14,479	41,389	38,769	36,150	33,534
New South Wales	921,268	12,617	39,664	37,156	34,646	32,138
South Australia	312,781	4,805	13,466	12,615	11,762	10,910
Western Australia	32,958	499	1,419	1,330	1,240	1,149
New Zealand.....	564,304	—	24,295	22,768	21,222	19,685
Queensland	309,913	—	13,342	12,498	11,655	10,811
Tasmania	130,541	4,200	5,620	5,264	4,910	4,553
Total	3,233,041	36,600	139,195	130,390	121,585	112,780

[Enclosure 2 in No. 37.]

MEMORANDUM ON THE PAPER BY MR. HENNIKER HEATON, M.P., IN THE "PALL MALL GAZETTE," OF 2ND APRIL, 1887.

The principal points of Mr. Heaton's paper are:—

1. That the existing telegraphic communication with Australasia and India is insecure by reason of its passing through foreign and possibly hostile territories.
2. That the Canadian Pacific route would not be exposed to the ill-will of other nations, but would be under exclusive British control.
3. That the existing rates are excessive, because they are calculated on the basis of mis-spent millions of capital, and that a tariff of 1s. per word would pay well.

In regard to the first point, what are the facts of the case?

The route followed by the existing cables is from England to Lisbon, thence to Gibraltar, thence through the Mediterranean to Malta, Alexandria and Port Said, passing through the Suez Canal and the Red Sea to Aden and Bombay. From Bombay the traffic passes over the Government land-lines across India, and is taken on by the cables from Madras or Rangoon to Penang, Singapore, Java and Port Darwin.