

in a very large saving in the gross foreign telegraph business of all the colonies it will serve. A comparatively small percentage of the savings so effected would provide for renewing, duplicating, and maintaining the cables in perpetual efficiency. It is proposed, therefore, that a Restoration Fund be provided from this source. Taking as a basis for computation the difference between present charges and the reduced charges, probably 5 per cent. or less will eventually be found sufficient; but it is suggested that at first 10 per cent. of the savings accruing to each colony should annually be funded for the purpose set forth. If, after a period of ten or more years, it be found that less than 10 per cent. will effect the desired purpose, a smaller percentage of the savings may be carried to the Restoration Fund. The object in view is to provide sufficient, but no more than sufficient, to restore the cables whenever they may become unserviceable, and to maintain the line of communication in the highest condition of efficiency for the business to be transacted.

13. These provisions assented to, it will be possible, immediately on the cables being laid, to adopt a scale of charges for ordinary messages between the Australian Colonies and Great Britain of 4s. per word, press messages at half, or considerably lower rates. It is proposed that Government messages be transmitted free of charge to the full amount of the subsidy, and to take precedence of all other business.

Canadian and Australian Cable.—Memorandum submitted to the Canadian Government by Sandford Fleming (appended to Letter dated London, 10th July, 1886).

Ottawa, 6th April, 1886.

A FEW years back attention was directed by the undersigned to the importance and practicability of connecting Great Britain telegraphically with China, India, Japan, and the Australian Colonies, by a line passing through Canada, and by one or more cables laid in the Pacific Ocean.

The subject was reverted to last year in a letter dated the 20th October, 1885, addressed to the Premier, the Right Hon. Sir John A. Macdonald.

Since these dates the Canadian Pacific Railway Company has completed a line of telegraph from the Atlantic to the Pacific, thus establishing an important section of the original scheme, leaving to be completed only the cable across the Pacific.

The Australian Colonies are already connected telegraphically with England by way of Port Darwin, Singapore, Penang, Madras, Bombay, Aden, Alexandria, and through the Mediterranean Sea. The charges for messages are, however, very high, and there is always danger of interruption to business when political events assume a threatening attitude in Egypt or in Europe.

A cable from the Australian Colonies *via* Fiji and the Sandwich Islands to Vancouver, the western terminus of the Canadian Pacific Railway, would connect them telegraphically with England by a line which would have the great advantage to every British interest of being entirely removed from all European complications. Moreover, a very large aggregate saving in the cost of transmission would be effected.

The Australian Colonies were first connected with England in November, 1872, consequently the following year (1873) was the first year the International line was in operation. The business in 1873 consisted of 8,952 messages to and from the colonies. The last returns are for 1884, when the messages sent and received reached 48,896, showing an extraordinary development in eleven years, averaging an annual increase of 40 per cent. This increase may, however, be abnormal, and as the last three years of the period show a more moderate growth, it will be safe to take the latter as a basis on which to estimate future business.

The number and cost of messages between the Australian Colonies and Europe, for the three years referred to, was as follows:—

				Number of Messages.		Cost.
1882	...	...	...	39,175	...	£225,567
1883	...	...	...	43,334	...	251,277
1884	...	...	...	48,896	...	270,766

These results give a fair indication of the steady growth of the business under the present high tariff.

The annual increase in the number of messages is equal to 12½ per cent., and the average cost of each message sent during the three years 1882, 1883, and 1884 is £5 13s. 9d.; the charge of ordinary messages per word between Sydney and London being 10s. 10d., Government messages 8s., and Press messages 6s. 7d.

The undersigned has brought the question of a cable from Vancouver to Australia before the Board of Directors of the Canadian Pacific Railway, and has succeeded in effecting arrangements of a most satisfactory character. This company will within a few weeks have telegraphic connections with all the principal points in the United States, including all the important cities on the Pacific coast, and will be able to transmit messages on such terms as will enable the Pacific Cable Company to secure practically the entire business between the continent of America and the Australian Colonies. The cable leading from Port Darwin in the direction of India will, moreover, enable the new company to command a very large share, if not all, the business between America and Asia.

It will be practicable under these arrangements with the Canadian Pacific Railway Company to transmit messages between the Australian Colonies and England at considerably less than one-half—possibly at one-third—the present charges, and between the colonies and all the important cities in the United States and Canada at one-quarter the rates now exacted.

It is proposed, immediately on the Pacific cable being laid, to lower the charges on ordinary messages between Australia and England from 10s. 10d. to 4s. per word. This reduction will bring the cost of an average message from £5 13s. 9d. down to £2, and without doubt will give a very great impetus to telegraph business. It is not easy to estimate with any approach to accuracy what