

1892.
NEW ZEALAND.

TELEGRAPH CABLE SUBSIDY AND CHARGES.

(REDUCTION OF CABLE RATES, FURTHER PAPERS RELATING TO.)

[In Continuation of F.-5, 1890, presented on 13th August, 1890.]

Presented to both Houses of the General Assembly by Command of His Excellency.

No. 1.

The AGENT-GENERAL to the Hon. the PREMIER, Wellington.

(Telegram.)

London, 19th June, 1892.

HAVE received following from Sir John Pender, Chairman, Eastern Extension Telegraph Company, who has agreed to frank this:—

“The Eastern Extension Australasia and China Telegraph Company (Limited),
“Winchester House, Old Broad Street, London, 17th June, 1892.

“SIR,— “I have the honour to bring to your notice the following extraordinary telegram which has been received from the company’s manager in Australasia—viz.: ‘Auckland, 14th.—Postmaster will ask Parliament vote hundred fifty thousand purpose laying cable Zealand–Sydney. Consents present charges prohibitive, being 75 per cent. more than need be with cable worked interest colony.’ And to ask if you can throw any light upon the matter, as it seems to me quite incredible that the Government of New Zealand can seriously contemplate treating a pioneer company so unfairly as to expose it, without the slightest justification, to a ruinous competition.

“The existing service between New Zealand and Australia has, as you are aware, been duplicated and maintained in the highest possible state of efficiency, and is capable of carrying many times the present volume of traffic, consequently a third cable cannot be said to be required to meet the traffic.

“As for the tariff being prohibitive, the company can prove by the actual receipts and expenses of the cables that the traffic, after nearly seventeen years’ experience, is most disappointing and unremunerative; and therefore for the Government to put down another cable under the circumstances would not only be throwing away public money unnecessarily, but would establish a principle so inimical to private enterprise that it could only result in serious injury to the colony’s credit in the London money market.

“The capital invested in the existing New Zealand cables is £450,000, and the income for 1891, after deducting working-expenses and cost of maintenance, amounted to only £11,248, or 2½ per cent. on the capital. But as £16,447 has to be set aside annually for amortization to renew the cables when worn out, there was actually no return whatsoever on the capital last year, but a large deficit, amounting to nearly £5,500. These figures can be verified by reference to the company’s books.

“The contention that if the Government were to put down a cable of their own and reduce the tariff by 75 per cent. the traffic would yield a handsome profit, is equally fallacious and misleading, as shown by the following figures:—

“Assuming cost of cable to be £150,000 (although according to our own calculations it would be considerably greater) that the tariff be deducted by 75 per cent., and the Government cable carried the whole of the traffic, the results to the Government are estimated as follows:—

“Income.		
“Receipts from local and through traffic, based on an increase of 50 per cent consequent on the reduction of tariff	£	9,226
“Expenses.		
Working	£	4,000
Maintenance, say		5,000
Amortization to redeem capital in twenty years		5,582
		14,582
Showing the large deficit of		5,356
Without any interest on capital, which at 3 per cent would require		4,500
		£9,856
Increasing the deficit to		

“If, however, the Government really desire to have the communication in their own hands, notwithstanding the disappointing results above indicated, it would, I venture to submit, be better policy for the Government to take over the existing lines, which the company would be quite willing to dispose of on reasonable terms. Should, however, the Government’s object be to secure reduced tariffs over the New Zealand cables, this might very easily and satisfactorily be obtained by New Zealand taking part in the Australasian guarantee arrangement, in which case the colony would not only reap the benefit of the cheap tariff prevailing between Australia and Europe, but would also receive the substantial reductions arranged between Sir Dillon Bell and myself at the Paris Telegraph Conference for the intercolonial and international traffic passing over the New Zealand cables. The value to New Zealand of these reductions cannot be estimated at less than £14,470, to which must be added the saving of the loss (£9,856) above shown, making together £24,326; whereas, the contribution that New Zealand would have to make towards the guarantee would only be £5,755, or if she also contributed towards the cable-subsidies and South Australia’s guarantee, on the principle arranged at the Sydney Conference, held in March, 1891, the amount would be £14,842. Consequently it would be advantageous to New Zealand to join in the guarantee agreement, whichever basis were adopted.

“The Agent-General for New Zealand.”

“I have, &c.,

“JOHN PENDER, Chairman.

No. 2.

The MANAGER in Australasia for EASTERN EXTENSION TELEGRAPH COMPANY to the Hon. the POSTMASTER-GENERAL, Wellington.

Eastern Extension Australasia and China Telegraph Company (Limited),
Wellington, 23rd July, 1892.

SIR,—

I have the honour to forward you the following reply just received from London respecting the proposed reduction of tariffs over the New Zealand cables:—

“London, 21st July.

“Chairman and Board are glad to learn that Ministers recognise company’s claim as pioneers, and do not desire treat them unfairly, and with view meeting Government’s wishes as far as possible they are prepared to reduce both intercolonial and international tariffs over the New Zealand cables as desired by the Postmaster-General, accepting one-fourth of risk of loss, on condition that the Government guaranteed remaining three-fourths, and take part with Australia in the general guarantee arrangement.

“The one-fourth risk on proposed large reductions is proportionated about same as half risk on general guarantee.

“The value of the intercolonial traffic, based on the average of the last three years, is £22,326, and the Government’s liability of three-fourths risk of loss, if no increase of traffic takes place, would be £10,949. If the traffic increased 50 per cent., it would be reduced to £8,050. 100 per cent. would reduce it to £5,154, and 188 per cent. would practically extinguish it.

“The value of the international traffic on the same basis is £3,932, and the Government’s liability on three-fourths would be £2,211, if no increase of traffic resulted.

“With an increase of 25 per cent. it would be reduced to £2,126; 50 per cent., £1,842; 100 per cent., £1,474.

“In the event of New Zealand not being able to arrange with the other colonies for sharing in the general guarantee, the company would reduce the international rates separately on a guarantee arrangement similar to that with Tasmania, but without giving Government the power to further reduce the tariff, except with the company’s consent.

“From experience gained elsewhere, the company cannot share the Postmaster’s view respecting the effect of a penny rate for separate newspapers, but are willing to try it, as desired.”

Should you wish to communicate with the other colonies by cable, instructions will be given to pass all your telegrams free of charge.

I have, &c.,

W. WARREN,

The Hon. the Postmaster-General, Wellington.

Manager in Australasia.

No. 3.

The Hon. the POSTMASTER-GENERAL, Wellington, to the Hon. the POSTMASTERS-GENERAL, Sydney, Melbourne, Hobart, and POSTMASTERS-GENERAL, Adelaide and Perth, W.A.

(Telegram.)

Wellington, 28th July, 1892.

EASTERN Extension Telegraph Company approached Government with desire arrange reduction New Zealand-Sydney cable rates. Company’s general manager for Australasia now here. Am of opinion substantial reduction essential in interests present users cable, as well as induce large domestic business. I therefore proposed to company a rate of threepence per word for international, and two shillings for first ten, and threepence each additional word for intercolonial messages, and asked what proportion of the loss it would bear. Company replied that it would accept the reduced rates, and bear one-fourth the loss, on condition that this colony guarantees remaining three-fourths, and take part with Australia in the general guarantee arrangement. The value of the New Zealand-Sydney cable traffic based on the average of last three years is stated by the company at £22,326 intercolonial, and £3,932 international—a total of £26,258; and New Zealand’s three-fourths liability at £13,160, and the company’s fourth at £4,387, if no increase of traffic takes place. The company’s proposals are very reasonable, and if other colonies will join

New Zealand in sharing the loss, I will be prepared to recommend Government to accept company's offer. Of our share of the loss on intercolonial cable traffic I propose that we bear one third, and the balance, £8,773, to be shared by ourselves and other colonies on basis population—New Zealand to join the other colonies in the guarantee arrangement, including South Australian land line, but not duplicate cable subsidy. I trust colonies will entertain proposals, as in addition to securing large reduction in intercolonial cable rates, the fact of New Zealand joining in the guarantee may also be the means of inducing Queensland to come in. Have sent similar telegrams to Postmasters-General other colonies, except Queensland. Hope for an early and favourable reply.

No. 4.

The POSTMASTER-GENERAL, Adelaide, to the SECRETARY, General Post Office, Wellington.
(Telegram.) Adelaide, 29th July, 1892.

Does intercolonial rate of two shillings for ten words and one penny additional word in Ward's telegram mean cable rate only, exclusive of New South Wales and New Zealand rates of one shilling each for ten words and one penny per additional word, making rate between New Zealand and New South Wales four shillings ten words, and threepence each additional word? Further, will New Zealand as a final arrangement contribute to the subsidy for Tasmanian cables, viz., £4,200, same as other colonies? Do you think will fall in?

No. 5.

The SECRETARY, General Post Office, Wellington, to the POSTMASTER-GENERAL, Adelaide.
(Telegram.) Wellington, 30th July, 1892.

THE intercolonial rate of two shillings first ten words and threepence each additional word mean cable rate only. Postmaster-General unable agree share subsidy Tasmanian cables.

No. 6.

The Hon. the MINISTER for EDUCATION, Adelaide, to the Hon. the POSTMASTER-GENERAL, Wellington.

(Telegram.) Adelaide, 4th August, 1892.

My Government are willing to agree to bear their proportion of contributions to New Zealand for reduced rates on terms stated in your telegram of 28th July, if the other colonies interested join.

No. 7.

The Hon. the POSTMASTER-GENERAL, Wellington, to the Hon. the POSTMASTERS-GENERAL, Sydney, Melbourne, Hobart, and the POSTMASTER-GENERAL, Perth.

(Telegram.) Wellington, 5th August, 1892.

CABLE rates and my telegram 28th ultimo: South Australian Government agrees to bear proportion of guarantee New Zealand-Sydney cable if other colonies interested join. As New Zealand proposes to share with you in general guarantee on European cable, I hope for similar reply as South Australia from your Government.

No. 8.

The Hon. the POSTMASTER-GENERAL, Melbourne, to the Hon. the POSTMASTER-GENERAL, Wellington.

(Telegram.) Melbourne, 5th August, 1892.

WITH reference to your telegram of 28th ultimo *re* reduction cable rates, I would be glad to have further and fuller information on the subject by letter, as from figures and information supplied I fail to see what benefit would accrue to Victoria under conditions offered, and there appears to be some discrepancy in the figures given.

No. 9.

The Hon. the POSTMASTER-GENERAL, Wellington, to the Hon. the POSTMASTER-GENERAL, Melbourne.

(Telegram.) Wellington, 6th August, 1892.

CABLE reductions: I have received your telegram of yesterday, and regret that there should be any apparent discrepancy in the figures as received by you. I will endeavour to make position clear. If proposed reduced rates on New Zealand-Sydney cable adopted, company estimates that its receipts will fall off by £17,547. New Zealand required to bear three-fourths (£13,160) of this loss, and the company takes the risk of the other fourth (£4,387). Of New Zealand's three-fourths' risk we propose to guarantee one-third (£4,387), and to share the other two-thirds (£8,773) with colonies. £2,964 is estimated to be Victoria's proportion, and £5,974 New Zealand's. This colony to join in general guarantee arrangement (but excluding duplicate cable subsidies), under which we

become responsible for about £8,324, making our total liability under intercolonial cable and general guarantees, £14,298. These figures do not allow for increase of traffic. If reduced rates adopted, we look for a decided increase in international traffic, and probably a fifty-per-cent. increase in intercolonial business. Cheapening the intercolonial cable rates as proposed should be of decided benefit to Victoria, not only to its business people, but as tending to develop a large domestic cable business as well, which is impossible under existing high tariff. The adoption of my proposals by the colonies, I need scarcely add, will be the direct means of New Zealand joining the general guarantee, a desideratum the colonies have been so anxious to see accomplished. My telegram of last night advised you that South Australia had agreed to proposals, and I trust that your colony will now be able to send similar answer. Important I should learn your decision as soon as possible. An early answer will therefore be appreciated.

No. 10.

The Hon. the MINISTER for EDUCATION, Adelaide, to the Hon. J. G. WARD, Wellington.
(Telegram.) Adelaide, 9th August, 1892.
FOR what period is your agreement *re* cable guarantee proposed?

No. 11.

The Hon. the POSTMASTER-GENERAL, Wellington, to the Hon. J. H. GORDON, Adelaide.
(Telegram.) Wellington, 10th August, 1892.
CABLE guarantees: From year to year.

No. 12.

The POSTMASTER-GENERAL, Perth (W.A.), to the Hon. the POSTMASTER-GENERAL, Wellington.
(Telegram.) Perth, 12th August, 1892.
AM disposed to recommend your proposal *re* cable rates; but I certainly think you should also join other colonies in duplicate cable subsidy, and so simplify matters.

No. 13.

The Hon. the POSTMASTER-GENERAL, Wellington, to the POSTMASTER-GENERAL, Perth.
(Telegram.) Wellington, 12th August, 1892.
THANKS for telegram. Unable to agree to share duplicate cable subsidies. At Sydney Postal Conference, 1891, as an inducement to New Zealand to join in general guarantee, other colonies prepared to bear whole cost duplicate subsidies.

No. 14.

The Hon. the POSTMASTER-GENERAL, Melbourne, to the Hon. the POSTMASTER-GENERAL, Wellington.
(Telegram.) Melbourne, 15th August, 1892.
FOLLOWING resolution passed at Conference to-day: That the proposal by the Government of New Zealand to join the Colonies of New South Wales, Victoria, South Australia, Western Australia and Tasmania the present guarantees to the Eastern Extension Cable Company and the Government of South Australia, be accepted by the colonies.
Resolution also passed recommending increase in rate on Foreign telegrams from Adelaide from four shillings to four shillings and ninepence per word, increase to take effect from 1st October next, the extra ninepence per word to be apportioned as follows: to cable companies, sevenpence; to South Australia, twopence. Letter to follow.

No. 15.

The MANAGER in Australasia for the EASTERN EXTENSION TELEGRAPH COMPANY to the SECRETARY, General Post Office, Wellington.
(Telegram.) Melbourne, 16th August, 1892.
POSTMASTER Victoria deputed to inform Mr. Ward that his proposal to join in general guarantee approved and accepted by Conference. Following resolutions submitted by Mr. Kidd were also approved: First, that in view of the heavy loss sustained by the principal colonies in connection with the cable guarantee dated thirty-first March, eighteen ninety-one, it be a recommendation to the respective Governments concerned that the following alteration in the tariff be adopted, with the concurrence of the Eastern Extension Company, and brought into operation on the first October next—viz., ordinary messages to be increased from four shillings to four and ninepence per word; Government and Press rates to remain unaltered. Second, that the extra cost of ninepence per word be apportioned as follows: Cable companies, sevenpence; South Australia, twopence. Mr. Kidd estimates the increased revenue from this extra ninepence per word would be about thirty-seven thousand four hundred and twenty-nine pounds, leaving a probable loss of only seventeen

thousand five hundred to be divided between the contributing Governments and the cable companies, instead of fifty-five thousand as was sustained last year. If this alteration of tariff is approved by the cable companies, New Zealand's liability will be largely reduced, and the international tariff for New Zealand messages, ordinary, five and twopence per word; Government, three and elevenpence—that is, reckoning your proportion as one penny per word.

No. 16.

The SECRETARY, General Post Office, Wellington, to the MANAGER in Australasia for the EASTERN EXTENSION TELEGRAPH COMPANY, Melbourne.

(Telegram.)

Wellington, 16th August, 1892.

MR. WARD much obliged to you for telegram. Proposal to raise international rate somewhat of a surprise. Mr. Ward would have preferred that no increase had been suggested, but as other colonies approved, he will also acquiesce, although raising our rate from four and six to five and threepence is a very material advance. As the extra rate will largely reduce company's share of loss, Mr. Ward of opinion that your company should now bear larger proportion of loss on intercolonial cable traffic, and he would be obliged if you submit matter to your London office for favourable consideration. Have not the figures to verify Mr. Kidd's. Have asked Mr. Browning to supply, but perhaps you can more readily do so. Will not the twopence to Adelaide about wipe out her loss on land line? Is Queensland now likely to come in?

No. 17.

The MANAGER in Australasia for the EASTERN EXTENSION TELEGRAPH COMPANY to the SECRETARY, General Post Office, Wellington.

(Telegram.)

Melbourne, 17th August, 1892.

CONSIDER company treating you very liberally in taking quarter risk loss intercolonial traffic, and as they also bear half loss international traffic, think they are taking full share responsibility and should not be asked further increase it. Therefore hope Mr. Ward will withdraw request and leave matters as already arranged. Proposed increase ninepence word approved by all contributing colonies, and should materially reduce your liability. Please remember Tasmania takes whole risk her intercolonial guarantee.

No. 18.

The SECRETARY, General Post Office, Wellington, to the MANAGER in Australasia for the EASTERN EXTENSION TELEGRAPH COMPANY, Melbourne.

(Telegram.)

Wellington, 17th August, 1892.

It should not be overlooked that increased rate reduces company's loss as well, and materially changes position this end. . . . Increased European rate creates new phase altogether. . . . In view these facts Mr. Ward still thinks that your company should bear further proportion of intercolonial cable risk, say, an eighth, and he will feel obliged by your cabling London. Bernard's figures O.K.

No. 19.

The Hon. the POSTMASTER-GENERAL, Wellington, to the Hon. the POSTMASTER-GENERAL, Melbourne.

(Telegram.)

Wellington, 17th August, 1892.

CABLE rates: Much obliged for telegram, and gratified that Conference accepted proposals. Quite understand why principal colonies recommended increase European rates. Hope Queensland will now come in.

No. 20.

The Hon. J. G. WARD, Wellington, to the Hon. J. H. GORDON, Adelaide.

(Telegram.)

Wellington, 17th August, 1892.

I AM gratified at result Cable Conference promoted by you; and this colony indebted to you for your advocacy of its proposals. Quite understand why principal colonies recommended increase European rates. Hope Queensland will now come in.

No. 21.

The Hon. the POSTMASTER-GENERAL, Wellington, to the Hon. the POSTMASTER-GENERAL, Sydney.

(Telegram.)

Wellington, 17th August, 1892.

INTERCOLONIAL cable rates: I propose to reduce our land rate for first ten words from sixpence to threepence. Will be pleased to learn that you agree make similar reduction. A ten-word message between New South Wales and New Zealand would then be two shillings and sixpence. Will other colonies reduce?

No. 22.

The Hon. J. H. GORDON, Adelaide, to the Hon. J. G. WARD, Wellington.

(Telegram.)

Adelaide, 18th August, 1892.

ACCEPT thanks for your courteous telegram of yesterday.

No. 23.

The MANAGER in Australasia for the EASTERN EXTENSION TELEGRAPH COMPANY to the SECRETARY, General Post Office, Wellington.

(Telegram.)

Melbourne, 19th August, 1892.

CHAIRMAN cannot entertain Mr. Ward's request for company to take larger proportion risk, and instructs me say company have not sought proposed increase international tariff but the colonies; and it by no means follows that loss will be reduced as expected by Mr. Kidd, as tendency any increase being to retard the development of traffic.

No. 24.

The Hon. the POSTMASTER-GENERAL, Melbourne, to the Hon. the POSTMASTER-GENERAL, Wellington.

(Telegram.)

Melbourne, 19th August, 1892.

HOPE Cable Company will agree to increased foreign rates. Have written to Queensland urging that colony to join in guarantee.

No. 25.

The DEPUTY POSTMASTER-GENERAL, Melbourne, to the Hon. the POSTMASTER-GENERAL, Wellington.

SIR,—

General Post Office, Melbourne, 16th August, 1892.

In confirmation of my telegram of yesterday, I have the honour, by direction, to inform you that a Conference consisting of the Postmasters-General of New South Wales, South Australia, and Victoria, and the permanent heads of the Post Office and Telegraph Departments of the colonies named, met at this office on the 13th and 15th instant to discuss, *inter alia*, the proposals of your Government as set forth in your telegrams of the 28th and 29th ultimo.

The following resolutions were passed by the Conference:—

1. That in view of the heavy loss sustained by the principal colonies in connection with the cable guarantee dated 31st March, 1891, it be a recommendation to the respective Governments concerned that the following alteration in the tariff be adopted, with the concurrence of the Eastern Extension Company, and brought into operation on the 1st October next—viz.: Ordinary messages to be increased from 4s. to 4s. 9d. per word.

2. That the extra cost of 9d. per word be apportioned as follows—viz.: To cable companies, 7d.; to South Australia, 2d.

3. That the proposal by the Government of New Zealand to join the Colonies of New South Wales, Victoria, South Australia, Western Australia, and Tasmania in the present guarantees to the Eastern Extension Cable Company and the Government of South Australia be accepted by the colonies mentioned.

4. That the Honourable the President of the Conference be authorised to communicate with the Eastern Extension Cable Company and the Governments of the other agreeing colonies (other than New South Wales and South Australia) conveying the result of this Conference, and to have charge of all correspondence relating thereto, and of the arrangements necessary to bring the resolutions of the Conference into effect upon their being confirmed by the various Governments.

The third resolution is founded on the terms set forth in your telegrams referred to above.

I am communicating with the Eastern Extension Cable Company on the subject of the increased rates, and informing them that it is the desire of the colonies to bring such increased rates into force by the 1st October, if the company can possibly make the necessary arrangements by that date.

I may add that telegrams were received by the Conference from Tasmania and Western Australia, intimating that these colonies agreed to your proposals. A full report of the proceedings of the Conference will be forwarded to you at an early date.

I shall be glad to learn from what date you propose that the rates on the New Zealand cable be reduced.

I have, &c.,

JAMES SMIBERT,

Deputy Postmaster-General.

The Postmaster-General, Wellington.

No. 26.

The Hon. the POSTMASTER-GENERAL, Wellington, to the Hon. the POSTMASTER-GENERAL, Sydney.

(Telegram.)

Wellington, 5th September, 1892.

SHALL be glad of reply to my cable of 17th ultimo, *re* reduction land rates, intercolonial messages.

No 27.

The Hon. the POSTMASTER-GENERAL, Sydney, to the Hon. the POSTMASTER-GENERAL,
Wellington.

(Telegram.)

Sydney, 5th September, 1892.

AFTER inquiry, and having consulted with the Postal Departments of Melbourne, Adelaide, Hobart, and Perth, we are all agreed that it is not considered expedient to make any reduction in the inter-colonial transit-rates at present.

No. 28.

FORM of AGREEMENT between the several MERCHANTS and Others and the Hon. the ELECTRIC TELEGRAPH COMMISSIONER, guaranteeing One-third of Probable Loss, up to £5,000, of the Revenue under the Reduced Cable Rates.

THIS DEED, made the _____ day of _____, 1892, between THE SEVERAL PERSONS AND COMPANIES whose names and addresses are set forth in the first and second columns of the schedule hereto (hereinafter respectively referred to as "guarantors" or "guarantor"), of the one part, and THE HONOURABLE JOSEPH GEORGE WARD, a member of the Executive Council of the Colony of New Zealand, holding the office of Electric Telegraph Commissioner (hereinafter referred to as "the Commissioner"), of the other part: WHEREAS an arrangement has been lately entered into between the Commissioner and the Eastern Extension Australasia and China Telegraph Company (Limited), which provides, among other things, that rates and charges for the transmission of intercolonial messages by the cable of the said company between Wakapuaka and La Perouse shall be reduced from 8s. 6d. for the first ten words to 2s. for such ten words, and from 10d. for every additional word to 3d. for every such word; and for European messages, from 1s. per word to 3d. per word; and also that the rate for the transmission of messages over the telegraph system of the said company between Adelaide and London shall be reduced from 8s. 11d. per word to 4s. 9d. per word; and also that such reduced rates shall take effect on or after the day of _____ next: And whereas it is estimated that the amount saved to persons using the cable or telegraph system of the said company, by reason of the said reduction in charges, will amount to thirty-two thousand pounds or thereabouts for the first year during which such reduction is in operation; but this reduction will entail a considerable loss to the revenues of the colony during such period: And whereas those who are engaged in mercantile pursuits will generally experience the benefit of the reductions in such charges as aforesaid, but in particular the guarantors will benefit by reason of such reduction; in consideration of which, and in order to induce the Commissioner to complete the arrangement for reduction, they have proposed to the Commissioner to guarantee one-third of such loss, not exceeding five thousand pounds in all, and to enter into this guarantee upon the terms and conditions hereinafter set forth, and which offer he has accepted:

NOW THIS DEED WITNESSETH that, in consideration of the premises, the guarantors do hereby severally agree with the Commissioner as follows:—

1. As soon as conveniently may be after the expiration of the year ending on the _____ day of _____ 1893, the Commissioner shall cause an account to be taken of the amounts paid for messages transmitted from and to New Zealand by means of the cable or telegraph system of the said company, and if it shall thereby be found that the revenues of the Colony of New Zealand have sustained loss by reason of the reduced scale of charges so to come into operation as aforesaid, the guarantors shall be liable to make good to the said revenues one-third part of such loss not exceeding five thousand pounds, and upon the amount of such being so ascertained as aforesaid, then each guarantor shall be liable to pay the proportion agreed upon hereby not exceeding the sum set opposite his name in the said schedule: Provided that if the one-third of such loss shall not amount to five thousand pounds, then each guarantor shall only be liable to contribute rateably and in proportion towards such loss in accordance with the amount set opposite his name as aforesaid: Provided, further, that the demand of the Commissioner in writing upon any guarantor for the whole or a proportionate part of the amount for which such guarantor is liable under these presents, if served upon such guarantor or sent by post to or left at the last known place of abode or business in New Zealand of such guarantor, shall be conclusive evidence of the fact that such loss has been sustained and that the amount demanded is due by the guarantor.

2. This guarantee is to be and subsist for one year, from the _____ day of _____, 1892.

3. Each guarantor whose name is set forth in the first column of the Schedule hereto, and who has executed these presents, doth hereby, for himself and itself, his heirs, executors, administrators, and assigns, or its successors and assigns, as the case may require, covenant with the Commissioner, his successors in office, and his and their assigns, that, covenanting separately as aforesaid, he or it will, upon demand in writing served, sent, or left as aforesaid, pay to the Commissioner, his successors or assigns, or to any person whom he or they may direct, the sum set opposite the name of such guarantor in the schedule hereto, or such proportionate lesser part of such sum as shall be found to be due and payable by him in the manner hereinbefore provided.

4. And it is hereby declared that the Commissioner is acting herein by virtue of his office as aforesaid, and that any moneys that may be paid by or recovered from any guarantor hereunder are and will be moneys of Her Majesty the Queen; and that, in case of default in payment thereof, any money due by any such guarantor may be recovered by the Commissioner, his successors or assigns, by suit in any Court of competent jurisdiction, or, may be recovered from the guarantor by process on behalf of Her Majesty under the provisions of "The Crown Suits Act, 1881." IN WITNESS whereof the said several parties have hereunto set their hands and seals the day and year first above written.

SCHEDULE.

Names of Guarantors.	Addresses and Occupations.	Amounts guaranteed.	Signatures.	Seals.	Witnesses.

Approximate Cost of Paper.—Preparation (not given); printing (1,350 copies), £5.

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