

MEMORANDUM FOR CABINET BY THE
HON. MINISTER OF AGRICULTURE, POWER AND COMMUNICATIONS

Licence to Messrs. Cable & Wireless Limited
to operate Wireless Telegraphy and Telegraphy and Telephony by Cable

Messrs. Cable & Wireless Limited were issued with a licence to operate Wireless Telegraphy on the 8th February, 1939, and another licence to operate Telegraphy and Telephony by Cable on the 17th November, 1954. Both licences expire on the 31st December, 1962. It is now for the Government to decide whether Messrs. Cable & Wireless are to have their licence renewed or to nationalise this service.

2. From information obtained, mainly from the local Manager of Cable & Wireless, it appears that the Malta Branch is not self-supporting and that the capital expenditure is provided by the Head Office of the Company in London. The Company employs about 190 persons of whom 13 are U.K. based. The salaries of 176 of these employees, according to confidential information obtained from the Labour Office, amount to £117,000 per annum. The total wage bill therefore appears to be about 120/125 thousand pounds.

3. The Manager also states that the Company pays income tax on a global basis so that although the local Branch is run at a loss a sum of £7000 is paid here yearly in income tax. Another substantial payment made by the Company is Customs duty. During the last twelve months it amounted to £10,000.

4. Exact revenue figures have not been supplied, but the Manager has mentioned a sum of £50,000 as being the average revenue accruing from the operations of the local Branch. According to the facts and figures furnished by the Manager, the local revenue of the

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Company always falls short of expenditure by around £100,000.

5. The Malta telegraph traffic, as may be seen from the statistical abstracts, is steadily on the decline. Since 1941, it has fallen by over 40% as shown hereunder (although the number of messages in 1943/44 had risen to a very large figure due to the then prevailing war conditions):-

<u>Year</u>	<u>Messages Received</u>	<u>Messages Despatched</u>
1941	184,000	266,000
1943	175,000	415,000
1944	207,000	259,000
1951	168,000	136,000
1961	148,000	118,000

6. It is also probable that during the last years Cable & Wireless have not effected certain changes for the modernisation of their apparatus in view of the expiration of their licence at the end of the current year.

7. If this service had to be taken over by the Government payment would of course have to be made to the Company for the equipment, including submarine cable which is estimated by the Company at £1000 per mile.

8. The working expenditure for the Government would be much higher than that being paid by the Company as it would be necessary to keep in continuous employment highly skilled Engineering staff which the Company only employs here when absolutely necessary as Cable & Wireless can use staff from their Head Office. It is also probable that the locally entered employees would expect better terms of service from

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the Government with a resulting increase in the wages' bill. In the circumstances, it is not considered advisable, at least for the time being, for Government to nationalise this service.

9. Cable & Wireless are asking for the renewal of the licence for a period of 25 years which appears to be rather long considering that telecommunications will surely be revolutionized in a much shorter period and it is therefore felt that the licence, if renewed, should be for a period of 10 years extendable for another 10 years, unless determined by Government at the end of the 10 years' period. At the expiration of the licence, Government should not be bound to purchase the Company's assets, but should retain the right to purchase if so desired.

10. The Company suggested a yearly fee of £20 for the grant of this licence, but as in 1939 the licence was granted on the payment of a fee of £16 it is felt that the fee of £20 is a bit on the low side and perhaps a fee of £30 would be more appropriate.

11. Cable & Wireless requested also not to be subject to any exclusive taxation. This request is rather vague as they might perhaps have in mind the importation of their equipment free of Customs' duty and also not to be liable to the payment of income tax. As this is not a new Company, tax exemption should not be granted.

12. If it is decided to renew the licence, Cable & Wireless should be authorised to carry on under the terms of the present licence pending the careful consideration of the

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terms of the new licence by the Attorney-General.

13. It is also considered that in the new licence Cable & Wireless should be requested to lay a cable between Malta and Tripoli to improve the telephone communications which at present are exchanged by wireless and limited to one hour daily. They should also undertake to take on a number of apprentices, say 10/15, for training on the Engineering side to help in the Technical Education drive. It would also help if the Assistant Manager be selected from local staff; the appointee to be approved by Government.

17th December, 1962.
