

now agreed to terms which are better for the colonies—namely, that upon the colonies undertaking to pay £20,000 a year for ten years (in addition to the subsidy payable for the New Zealand cable), there shall be a reduction to £3 for ten words, and 6s. per word additional, between Port Darwin and England, besides a corresponding reduction on the rates between Australia and Java and India.

Seeing that, under such an arrangement, the Eastern Extension Company would not receive more than £1 9s. for the transmission of ten words between Port Darwin and Madras, instead of the £5 8s. 6d. they now receive for twenty words, the arrangement seems to us to be a very reasonable one.

6. It becomes now of importance to make up the subsidy of £20,000 a year for ten years. We think that the commercial interests of this country in Australasia are so large and important, besides that the Imperial Government, and especially the Colonial Department and the Admiralty, have frequent occasion to use the telegraph, that your Lordship might see your way to agree to pay a small portion of the subsidy.

We will not disguise that we attach more importance to your Lordship agreeing to become a contributor to the subsidy than to the amount you may agree to contribute. There has always been difficulty in uniting the Australasian Colonies in any arrangement; and we cannot but think that if the Imperial Government could be induced to bear part of the charge which this subsidy will entail, that difficulty would be very much lessened.

7. But whilst we thus frankly state our views, we would respectfully submit to your Lordship that it is only equitable that the Imperial country should defray part of the subsidy; since not only would residents in Great Britain enjoy a moiety of the advantages of the reduced through rates between England and the colonies, but Her Majesty's Government, in communicating with the colonies and with the squadron on the Australasian Station, would save a considerable sum yearly. The Imperial Government will not, of course, be interested in the reduction between the colonies and Java and India.

8. Under these circumstances we hope your Lordship will be able to agree to the Imperial Government contributing £3,000 a year towards the subsidy, leaving the colonies to make up between them the remaining £17,000 a year.

We have, &c.,

JULIUS VOGEL.

DANIEL COOPER.

The Right Hon. the Earl of Carnarvon, &c., &c.

Enclosure 2 in No. 1.

The COLONIAL OFFICE to Sir J. VOGEL and Sir DANIEL COOPER.

SIR,—

Downing Street, 19th July, 1875.

I am directed by the Earl of Carnarvon to transmit to you for your information a copy of a letter from the Board of Treasury, conveying their Lordships' decision on the question submitted in the letter addressed by yourselves to this department in June last, in connection with the contract entered into with the Eastern Extension and China Telegraph Company, for the laying of a submarine cable between Sydney and New Zealand.

Sir Julius Vogel, K.C.M.G., and Sir Daniel Cooper.

I have, &c.,

W. R. MALCOLM.

Sub-Enclosure to Enclosure 2 in No. 1.

The TREASURY to the COLONIAL OFFICE.

SIR,—

Treasury Chambers, 14th July, 1875.

The Lords Commissioners of Her Majesty's Treasury have had before them Mr. Malcolm's letter of the 7th instant, transmitting copy of a letter Sir J. Vogel and Sir D. Cooper, as representatives of New Zealand and New South Wales, have addressed to the Colonial Office in regard to a contract which they have negotiated with the Eastern Extension, Australasia, and China Telegraph Company for the construction and laying of a submarine cable between Sydney and some point on the north or north-west coast of the Middle Island of New Zealand.

Mr. Malcolm points out that provision has also been made in the contract for the reduction of the present rates charged upon messages between Australia (Port Darwin) and this country, contingent on the Company receiving a subsidy of £20,000 a year for a term of ten years, towards which Sir J. Vogel and Sir D. Cooper trust the Imperial Government will contribute a sum of £3,000 a year, the remaining sum of £17,000 a year being made up by the Australian colonies and New Zealand.

I am commanded to request that you will inform the Earl of Carnarvon that my Lords learn with much satisfaction that measures have been taken by which the important colony of New Zealand will be brought into telegraphic communication with the mother country, and that they agree in opinion with his Lordship that "there can be no question that a great boon would be conferred upon the public if steps could be taken to effect a reduction in the present cost of telegraphic communication between this country and Australia," but I am at the same time to observe that, for some years past, it has been the invariable practice of the Imperial Government to decline to be parties to any grant being made by way of subsidy to telegraph companies.

I am therefore directed to express their Lordships' regret that, whilst offering no opinion as to the course of action which the Colonial Governments concerned may wish to take in the matter, they would not feel themselves warranted in calling upon Parliament to make an exception on the present occasion.

R. G. W. Herbert, Esq., Colonial Office.

I have, &c.,

WILLIAM LAW.