

Correspondence
respecting Mr.
Audley Coote's
Evidence.

Zealand would eventually start an opposition line to India and Great Britain. It seemed to me, therefore, that they would look less to direct profits than would any other companies or persons with whom I might attempt to arrange; besides that, as I shall again take occasion to notice, being a company already formed, arrangements with them would involve the least delay. I determined, therefore, to see what could be done with the Eastern Extension Company, and to deal with them if I could get favourable terms, without making the Government a party to a monopoly, and especially if I could obtain, in connection with an arrangement for a New Zealand cable, an agreement to reduce the rates for English messages. I resolved further, if I could not succeed in those respects with the Company, I would throw the matter open to tender. At the same time I proposed to Sir Daniel Cooper that New South Wales should pay one-third of the cost of whatever arrangement might be made, and should join New Zealand in the agreement. Sir D. Cooper communicated to his Government my proposal.

6. The Eastern Extension Company, as soon as I opened negotiations with them, intimated that they would be prepared to lay a cable between New Zealand and Australia without receiving any subsidy or payment whatever, if the Government would undertake not to promote or aid a competing line. The terms suggested by the Company were in part in the nature of a monopoly; besides which, they were to be at liberty to fix the tariff, their intention being to charge £1 for twenty words. I replied that I could not be a party to any arrangement which would give a monopoly, or which would leave the Company to fix the tariff.

7. After prolonged negotiations, which involved many interviews, and which at times seemed likely to be broken off, the heads of an agreement were settled, and they were afterwards approved of by a special meeting of shareholders in the Company; the meeting also authorizing the raising of the necessary capital by the issue of debentures. * * * * *

12. One great inducement to me to negotiate with the Eastern Extension Company, instead of with any of the various syndicates or concessionaries who were disposed to enter into the matter, was that an existing company could raise the necessary funds by debentures, whereas any syndicate or body of gentlemen to whom a concession might have been granted would have had to form a company, and to have gone through many necessary but troublesome preliminaries before capital could have been raised. Any such body might have failed to float a company and raise the necessary capital, whilst I had reason to believe that the Eastern Extension Company were tolerably certain of raising all the capital they required.

No. 3.

A CABLE *via* the UNITED STATES.

Memorandum for His Excellency.

Memoranda re
Cable from the
United States.

HIS EXCELLENCY is aware that, in January last, a Conference of representatives of the Australasian Governments was held at Sydney, to consider the Telegraph Cable question, especially as to obtaining a duplicate system of communication with Europe and the rest of the world; and that the Commissioner of Telegraphs, Mr. George McLean, was the representative of New Zealand.

2. The Conference decided that this Government should communicate with the Government of the United States of America, to ascertain whether the latter would be prepared to aid the laying of a cable from the western coast of the United States (probably from San Francisco) to the north of New Zealand. Such a cable would certainly be preferred to partial duplications of any existing system by the eastern route; but the work cannot be undertaken unless the United States will contribute liberally towards its very great cost.

3. Ministers desire to comply with the wish of the Conference. They accordingly forward to His Excellency the accompanying memorandum by Mr. McLean; and they respectfully ask that His Excellency will transmit a copy thereof, so that, through Her Majesty's Government, it may reach the Government of the United States, and be recommended for favourable consideration.

DANIEL POLLEN,

(In the absence of the Premier).

Wellington, 9th April, 1877.

Enclosure in No. 3.

MEMORANDUM by the Commissioner of Telegraphs respecting DUPLICATION of CABLES.

THE question of improved telegraphic communication between the Australasian Colonies and the rest of the world, is one of great interest and importance, and has received much attention from the several Colonial Governments.

2. The Government of South Australia, at its own cost and risk, undertook the construction of a line, about 2,000 miles in length, across the Australian Continent. This work was one of enormous magnitude compared with the number of the population out of whose revenue it was effected, and the great stretches of uninhabited country through which it passes render its maintenance very costly. To connect with this trans-continental line, the Eastern Extension Australasia and China Telegraph Company (Limited) laid a cable from Singapore to Port Darwin, and thus joined Australia with Europe and America. The Governments of New Zealand and New South Wales guaranteed a subsidy for connecting those colonies; a cable, over 1,200 miles long, was laid by the Eastern Extension Company; and it has been uninterruptedly worked for more than twelve months. New Zealand has thus been brought into the general telegraph system.

3. Occasional failures of the cables joining the Indian system with the Australian line at Port Darwin, or of the latter at points far in the interior, have caused the urgent need for a second line of communication to be forcibly felt, especially by merchants and traders.