

1887.
NEW ZEALAND.

TELEGRAPH CABLE SUBSIDY AND CHARGES

(FURTHER PAPERS RELATING TO).

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

No. 1.

The AGENT-GENERAL to the Hon. the POSTMASTER-GENERAL.

SIR,—
7, Westminster Chambers, London, S.W., 5th October, 1886.
In continuation of my letter of 22nd September, No. 1,180, I transmit herewith a further portion of correspondence on the Sydney-New Zealand cable subsidy, which I have received from Mr. Pender.
I have, &c.,
The Hon. the Postmaster-General, Wellington.

F. D. BELL.

Enclosures.

HESSE to KNEVETT, SQUIER, WARREN, and BROWNING.

20th September, 1886.

NEGOTIATIONS with New Zealand Government for renewal of subsidy having failed, Chairman wishes you to address letters to leading newspapers of all colonies in following terms:—

“I am instructed to communicate to you the accompanying copy of a telegram forwarded by the Chairman of the company to the Government of New Zealand, notifying that the tariff over the Sydney-Nelson cable for intercolonial telegrams will, on and after the 1st October proximo, be 10s. for ten words and 1s. for each additional word, instead of 6s. for ten words and 7d. for each additional word, as heretofore.

“The company have delayed taking this step for the last eight months, hoping that the necessity for it might be avoided; but, having, after prolonged negotiation, failed to obtain a renewal of the subsidy which expired last February, and the receipts, without the subsidy, being insufficient—after ten years' working without a single interruption during the whole of that period—to give, when amortization is deducted, a net return of 2 per cent. on the capital invested, they have no alternative but to raise the tariff to recoup the loss of the subsidy.

“The Government of New South Wales as far back as June, 1885, agreed to renew their share of the subsidy for a further ten years, and in consideration of such concession the company were prepared to reduce the tariff to 5s. per ten words for ordinary and to 3d. per word for Press telegrams; but the Parliament of New Zealand would only agree to renew the subsidy for five years on conditions unacceptable to the company.

“Subsequently the company offered to make the tariff any figure the colonies pleased, provided the average of their receipts for the last three years were guaranteed. This would have given the colonies full control over the tariff, and a cheaper rate could thus have been obtained than it would be possible to establish by any other reasonable means; and if the opinion, frequently expressed in the colonies, that cheap rates would lead to a corresponding growth of traffic were borne out, the amount of guarantee the colonies would have to make up would be quite nominal. The proposal, however, was declined, and the New Zealand Government now withdraw the offer sanctioned by their Parliament for a renewal of the subsidy for five years.

“Under these circumstances, the company is reluctantly compelled, in the interests of their shareholders, to raise the tariff as above announced; and the responsibility for this course must rest with the Government of New Zealand and not with the company, as the latter have exhausted all possible means of bringing about a satisfactory solution of the question.

“A complete copy of the correspondence relating to the negotiations between the company and the Governments of New Zealand and New South Wales will be received in a few days, when it will be forwarded to you for publication.”

The telegram to forward with above letter is from Chairman to Vogel, dated 20th instant. The remainder of correspondence, excepting the last two telegrams, was posted Sydney and Nelson 13th August. The international tariff will remain unchanged.

SQUIER to HESSE.

24th September, 1886.

MESSAGES received. Informed Sydney Postmaster, who regrets publication Chairman's telegram. Contends company no power to raise rate beyond figure in clause 11. Attorney-General of same opinion, and the Government threaten retaliate under clause 13. See also clause 8.

The AGENT, Sydney, to the EASTERN EXTENSION COMPANY.

25th September, 1886.

VOGEL stated in Parliament, Government not decided course adopt, thinks doubtful under original contract company right raise tariff. Question will be considered Cabinet meeting to-day.

Sydney Government telegraphed following to Vogel: “Company apparently not considered consequence raising tariff Zealand as intimated. Government, under clause 8, can cease to provide company with accommodation at termini if tariff raised, and under clause 13 Governments can charge anything they please for use of land line if tariff raised. Propose that you and I reply in foregoing terms, expressing hope that, to prevent inconvenience to public and future trouble, their proposal will be withdrawn.”

The EASTERN EXTENSION COMPANY to the AGENT, Sydney.

25th September, 1886.

COMPANY have done everything in their power since expiration subsidy eight months ago to conciliate New Zealand Government, but negotiations were terminated abruptly by the Government declining to do anything to meet company's views. We are advised by eminent legal authorities that we have perfect right to raise tariff, and we believe telegraphing public will approve of our action when they read the correspondence. They certainly are not likely to approve of land-line rate being raised. We are advised that article 8 only empowers Governments to withdraw accommodation at expiration of ten years after subsidy terminated. If land lines rate raised, public will suffer more than company, and responsibility must rest with Governments. We now await Government's communication intimated in your telegram. If no communication received carry out company's instructions.

The AGENT, Tasmania, to the EASTERN EXTENSION COMPANY, London.

27th September, 1886.

27th.—Representatives Melbourne Chamber of Commerce interviewed Postmaster-General on Friday, and urged co-operation of Government in taking steps to facilitate an understanding between company and New Zealand Government. Opinion expressed that company's notice to raise the rates too short, and likely excite prejudice against company on the part of the mercantile community, as not sufficient time allowed to make provision for increased tariff. Up to the present no comments made by Victorian Press.

The AGENT, Tasmania, to the EASTERN EXTENSION COMPANY, London.

28th September, 1886.

27th.—Following from Reuter: Melbourne Chamber of Commerce doing utmost to urge the Victorian Government to take steps to bring about a satisfactory arrangement *re* New Zealand subsidy.—If tariff raised Government will not move in matter. Suggest company postpone increased rate another month or two, to give time to carry out negotiations with New Zealand; very probable if this done Victorian Government will be induced to contribute a portion of the subsidy for another five years. Chamber of Commerce and leading merchants promise to do utmost to promote a satisfactory settlement for the company.

The AGENT, Tasmania, to the EASTERN EXTENSION COMPANY, London.

28th September, 1886.

27th.—Following from Reuter: Deputation of Wellington, Dunedin, and Christchurch Chambers of Commerce interviewed Vogel to-day and urged that Government renew subsidy. Vogel replied company not given requisite legal notice intention raise tariff, also that it was contrary to spirit and intention of the contract entered into with company in 1876—did not consider company justified raising tariff, and Government would try prevent it being carried out. Government were satisfied with present tariff, but in event increase insisted on would ask Legislature to sanction the laying of a duplicate cable from New Zealand to Australia.

The AGENT, New Zealand, to the EASTERN EXTENSION COMPANY, London.

28th September, 1886.

27th.—To-day Vogel replied to deputation of Wellington Chamber Commerce, and said Government determined not to yield. If company raised rate Government will enforce terminal charges, and ask Legislature to lay new cable, for which tender already received.

The POSTMASTER-GENERAL, Sydney, to the CHAIRMAN, Eastern Extension Company, London.

28th September, 1886.

CONSIDER Government can under agreement cease to provide accommodation at termini, and can increase land rates if tariff raised. Trust you will withdraw proposal, which may cause trouble and inconvenience, and may prevent further negotiations between other colonies.

The CHAIRMAN, Eastern Extension Company, to the POSTMASTER-GENERAL, Sydney.

28th September, 1886.

HAVE received your telegram and now send you a copy of the reply I have addressed to a telegram received from the New Zealand Government, which please accept as an answer to yours. The company appreciate the disposition your Government have shown to meet their views, and hope you will use your influence towards bringing about a satisfactory arrangement.

The POSTMASTER-GENERAL, Victoria, to the EASTERN EXTENSION COMPANY, London.

28th September, 1886.

I have telegraphed Postmaster-General of New South Wales to-day suggesting action regarding New Zealand cable. I would suggest your company postponing increased rates for another month pending these negotiations.

The CHAIRMAN, Eastern Extension Company, to the POSTMASTER-GENERAL, Victoria.

28th September, 1886.

I have to thank you for your telegram announcing that you were using your good offices towards bringing about an amicable arrangement. I send you copy of reply I have forwarded to a telegram received from the New Zealand Government, from which you will see that the company are prepared to postpone raising the tariff if the New Zealand Government will reconsider proposals for renewal of subsidy. I have instructed Warren send you copy of whole correspondence on subject.

The EASTERN EXTENSION COMPANY to the AGENT, Tasmania.

28th September, 1886.

HAVE received your various services. Chairman has replied direct to Victorian Postmaster's telegram, and wishes you send him copy whole correspondence. See Chairman's reply of this date to telegram from Vogel, and forward copy to press for publication. Instruct Knevett, Squier, Browning do likewise.

The AGENT, Sydney, to the EASTERN EXTENSION COMPANY, London.

28th September, 1886.

VICTORIAN Government telegraphs Sydney Government that they take considerable interest in present negotiation; are unfavourable to second Zealand cable if reasonable terms acceptable to company; they propose all colonies contribute to Tasmanian, New Zealand, and Darwin cables, and, if New Zealand refuses her fair share, suggest contributing colonies consider advisability of charging her proportionately higher rates for her messages over Darwin and Tasmanian cables. Will support Sydney Government in any action in this direction.

The AGENT, Tasmania, to the EASTERN EXTENSION COMPANY, London.

29th September, 1886.

ALL Melbourne papers to-day say Victorian Government favourably disposed towards company, and condemn Vogel's action. Dreham, Postmaster-General, considers all colonies should be asked support all cable subsidies on basis of population. General wish that company should defer increased tariff for another month, to allow time to negotiate satisfactory arrangements to all parties. Dreham is also of opinion that, if Vogel persists in not listening to reason, New Zealand should be made to pay higher rates over Port Darwin and Tasmanian cables, as at present they contribute nothing. Also suggests that Queensland be asked to join in general subsidies. Vogel's threat to lay another cable unpopular, and will not be supported, as company is willing to supply facilities on moderate terms.

The AGENT, Sydney, to the EASTERN EXTENSION COMPANY, London.

30th September, 1886.

Sydney Postmaster telegraphed VOGEL following.

"Have wired company in similar terms to yours—hope matter may be arranged. Could not attend Conference at Wellington at present if one were held."

The AGENT, Sydney, to the EASTERN EXTENSION COMPANY, London.

1st October, 1886.

FOLLOWING minute by Cracknell: "Easiest way out of difficulty would be to accept company's offer and renew subsidy for five years, in which case proposed reduction would come into force at once, or continue as at present until 1st January, and commence payment of subsidy from date. I suggested sending telegram at once to New Zealand requesting their concurrence, so that public may not be inconvenienced by prohibitory tariff. This resulted in following telegram:—

“The Postmaster, Sydney, to the Postmaster, New Zealand.

“*Re* this morning's telegram from the Extension Company. I am prepared recommend Cabinet renew subsidy on terms suggested in January. Company have given way in accepting a five years' subsidy, and I consider this proposal the best way out of difficulty. Strongly urge your reconsideration, and thus save inconvenience and possibly increased instead of reduced charges to public.’”

The AGENT, Tasmania, to the EASTERN EXTENSION COMPANY, London.

1st October, 1886.

CORRESPONDENCE published in Melbourne papers—comments thereon favourable to company—deprecate Vogel's action throughout; hope he will be influenced by wishes of other colonies and make fair and equitable arrangement with company. Postponement of increased tariff appreciated, and proof that company has every desire to act liberally to colonies.

The AGENT, Sydney, to the EASTERN EXTENSION COMPANY, London.

2nd October, 1886.

NEW Zealand Cabinet considers cable question next week. Published Auckland telegram says Vogel satisfied his colleagues will support attitude already adopted by him.

The AGENT, Sydney, to the EASTERN EXTENSION COMPANY, London.

4th October, 1886.

PAPERS have not published correspondence. Browning receives his copies to-morrow. Says Press generally support Vogel. Sydney *Herald* leader says would be unreasonable expect continuation present rates, and nobody should complain raising tariff; effect will be increase difficulty intercourse and push New Zealand further from Australia, such result must be regarded as a misfortune. Conduct of New Zealand Government to be regretted; hopes it will reconsider decision and accept reasonable proposals of company. *Herald* also publishes Mr. Derham's proposal to raise tariff for New Zealand messages over Tasmanian and Darwin cables; says action of New Zealand Government is not viewed with favour by Victoria, New South Wales, or Adelaide. I have telegraphed all this to Browning for New Zealand Press.

The AGENT, New Zealand, to the EASTERN EXTENSION COMPANY, London.

4th October, 1886.

CORRESPONDENCE was posted from Sydney last Wednesday. Expect to receive it to-morrow. Chairman's telegrams were published and Press informed that correspondence would be forwarded in a few days. At present New Zealand papers writing in favour of new cable. See my services of 13 and 31 words on 27th. Will keep you fully informed.

The AGENT, New Zealand, to the EASTERN EXTENSION COMPANY, London.

4th October, 1886.

CABINET Council will be held this week to consider question of subsidy.

No. 2.

The AGENT-GENERAL to the Hon. the POSTMASTER-GENERAL.

SIR,— 7, Westminster Chambers, London, S.W., 22nd September, 1886.

I transmit to you herewith copy of a letter I have received from Mr. Pender covering printed copy of the correspondence relating to the renewal asked for by the Eastern Extension Telegraph Company of the New Zealand Cable subsidy.

You will see that, a renewal of the subsidy having been declined, the company have determined upon raising the tariff over the cable from the 1st of October.

The Hon. the Postmaster-General, Wellington.

I have, &c.,

F. D. BELL.

Enclosure.

The CHAIRMAN, Eastern Extension Company, to the AGENT-GENERAL.

The Eastern Extension, Australasia, and China Telegraph Company (Limited),
50, Old Broad Street, London E.C., 21st September, 1886.

SIR,—

Referring to our interview last week on the subject of the negotiations for the renewal of the New Zealand cable subsidy, when I informed you that, having exhausted all possible means of bringing about a satisfactory solution of the question, the company have decided to raise the tariff over the Sydney-Nelson cable for Intercolonial telegrams from the 1st October proximo to 10s. per ten words and 1s. for each additional word. I have now the honour to transmit to you a copy of the whole correspondence which has passed between the company and the Governments of New Zealand and New South Wales on the subject.

You will observe that the Government of New South Wales were long ago prepared to renew their portion of the subsidy for another ten years, in consideration for which the company agreed to reduce the tariff to 5s. for ten words for Government and ordinary telegrams, and to 3*d.* per word for Press messages.

The Parliament of New Zealand, however, would only renew the subsidy for five years on conditions which were unacceptable to the company.

Subsequently the company offered to give the colonies full control over the tariff by making it any figure they pleased, provided the average of their receipts for the last three years were guaranteed; this would have given a cheaper tariff than could have been obtained by any other reasonable means; and, if the view expressed in the colonies, that cheap rates would lead to a corresponding increase of traffic, were realized, the amount of guarantee to be made up by the colonies would be quite nominal. The proposal was, however, declined, and your Government now decline to renew the subsidy for a further term of five years, as was authorized by the Parliament.

Under these circumstances the company have no alternative, much as they regret such a course, but to increase the tariff to recoup the loss of the subsidy, as the receipts without the subsidy, after ten years working of the cable, are insufficient to give a net return of 2 per cent. on the capital invested.

The company will, however, be prepared to concede the reductions previously offered at any time your Government is disposed to renew the subsidy.

Sir Francis Dillon Bell, K.C.M.G., C.B., &c.,
Agent-General for New Zealand.

I have, &c.,
JOHN PENDER,
Chairman.

CORRESPONDENCE *RE* NEW ZEALAND CABLE SUBSIDY.

The CHAIRMAN, Eastern Extension Company, to the AGENT-GENERAL, New South Wales.

The Eastern Extension, Australasia, and China Telegraph Company (Limited),
66, Old Broad Street, E.C., 3rd November, 1884.

SIR,—
As the subsidy payable to the above company by the Governments of New South Wales and New Zealand, in terms of the agreement dated 24th June, 1875, is terminable in February, 1886, I take this early opportunity of bringing the subject to your notice, in order that sufficient time may be afforded to obtain your Government's views in reference to future working arrangements when the agreement ceases.

The cable between New South Wales and New Zealand has now been open nearly nine years, and, although during that time the traffic transmitted over it has considerably developed, the receipts, including the subsidy, are only sufficient, after paying working expenses, to give a return of $7\frac{1}{2}$ per cent. interest upon the capital invested, without making any provision for the maintenance or renewal of the cable, which our experience proves to be absolutely necessary for the security of our system, and cannot be computed at a lower figure than 5 per cent. Without the subsidy the return is only 5 per cent.

The financial aspect of the question is not, therefore, encouraging; and under the circumstances the company would find it difficult to carry on the existing arrangements without the same pecuniary assistance from the colonies interested, or an addition to the tariff, to recoup the loss which the cessation of the subsidy would involve.

As, however, the latter plan would lead to inconvenience on the part of the public, and tend to retard the growth of telegraphic communication with New Zealand, the company would much prefer to be recouped by an extension of the existing subsidy for another ten years. This would accord with the principle adopted by the contributing colonies when fixing the duplicate cable subsidy of £32,400 per annum for twenty years, and would conform to the arrangements with other Governments with whom the company has similar relations.

I have therefore to request that you will be good enough to bring the question before your Government, and ascertain their views and wishes in the matter.

Should you think it desirable to see me on the subject before communicating with New South Wales, I should be happy to discuss it with you and the Agent-General for New Zealand, either at these offices or at your own, as may be most convenient.

I have addressed a similar communication to this to Sir Francis Dillon Bell.

I have, &c.,
JOHN PENDER,
Chairman.

Sir Saul Samuel, K.C.M.G., Agent-General for New South Wales.

The AGENT, Sydney, to the EASTERN EXTENSION COMPANY, London.

27th June, 1885.

SYDNEY Postmaster-General says: "Zealand replied to him subsidy now unnecessary. Former asks, if subsidy renewed, would company reduce to five shillings for ten words and sixpence each additional for Government and ordinary messages, and to threepence per word for Press messages, with Press guarantee that three times present business will be done. He must consult Zealand before concluding arrangement, but is prepared recommend renewal subsidy further term if above reduction sanctioned."

The EASTERN EXTENSION COMPANY, London, to the AGENT, Sydney.

8th July, 1885.

If subsidy renewed for same term of ten years, company prepared make proposed reductions, subject to satisfactory engagement by Press as stated.

The AGENT, Sydney, to the EASTERN EXTENSION COMPANY, London.

21st August, 1885.

ZEALAND favourable to New South Wales proposal; but, as Melbourne has moved in matter, proposes New South Wales and Melbourne each contribute one-quarter and Zealand half subsidy. Believe Melbourne will decline; says New South Wales and Zealand do not contribute to Tasmania cable. Expect Vogel submit New South Wales proposal to Parliament immediately.

The AGENT, Sydney, to the EASTERN EXTENSION COMPANY, London.

20th September, 1885.

ZEALAND Parliament negated ten years' proposal, but passed five years' at £5,000 annually as Zealand proportion. Will company accept this?

The EASTERN EXTENSION COMPANY, London, to the AGENT, Sydney.

30th September, 1885.

COMPANY only agreed to concession applied for by Sydney Postmaster-General—namely, one shilling reduction for ordinary telegrams, and threepence per word for Press, under guarantee, on condition subsidy renewed for another term ten years. If colonies unwilling renew for more than five years, company must maintain present rates and accept shorter term, leaving whole question to be reconsidered at end five years.

The EASTERN EXTENSION COMPANY, London, to the AGENT, Sydney.

22nd December, 1885.

As subsidy expires early February, and some little preparation necessary if company compelled put up rate, Chairman wishes you ascertain what arrangements colonies propose.

The AGENT, Sydney, to the EASTERN EXTENSION COMPANY, London.

8th January, 1886.

INTERVIEW with new Postmaster-General, who agrees, and is pressing Zealand for ten years' subsidy, sixpence word rate without ten word minimum, threepence word rate for Press without guarantee. I advise company accept this.

The AGENT, Sydney, to the EASTERN EXTENSION COMPANY, London.

21st January, 1886.

ROBERTSON, Premier, now in communication with Vogel; says ten years agreed by his Cabinet.

The AGENT, Sydney, to the EASTERN EXTENSION COMPANY, London.

26th January, 1886.

No reason to expect Zealand alter decision already telegraphed you, but Sydney Government request company wait till reply received to following telegram: "Robertson, Premier, Sydney, to Vogel: Our Cabinet agreed with Extension Company in reference cable charges on terms submitted to you with ten years' currency, subject to ratification of Parliament by this Government. So far as it is concerned the matter now remains with you either to approve or decline."

The AGENT, Sydney, to the EASTERN EXTENSION COMPANY, London.

31st January, 1886.

FOLLOWING is Vogel's reply to Premier, Sydney: "Our House limited for subsidy to five years, and that on condition of sixpence per word for ordinary messages, threepence Press without minimum, and we cannot exceed authority. I explained this to your Postmaster-General."

The Hon. the COMMISSIONER of TELEGRAPHS, New Zealand, to the CHAIRMAN, Eastern Extension Company, London.

8th February, 1886.

Your various messages will be considered by a Cabinet in course of a few weeks.

The AGENT, Sydney, to the EASTERN EXTENSION COMPANY, London.

22nd February, 1886.

SYDNEY Postmaster sent Vogel copy Samuel's message, and said: "Company having conceded all required regarding Zealand cable hopeful Vogel's Government would join them in Darwin subsidy, so that reduced rate over Darwin and Zealand cables may come into operation without delay."

The CHAIRMAN, Eastern Extension Company, to the AGENT-GENERAL.

SIR,—

Winchester House, 50, Old Broad Street, 9th June, 1886.

Referring to my interview with you on Monday last, when I submitted to you the telegram I had received from the Postmaster-General of New Zealand relative to the negotiations for renewal of the New Zealand cable subsidy, I now have the honour to send you, as arranged, a copy of the telegram forwarded in reply.

Should you wish to telegraph to your Government on the subject, I shall be happy to frank the telegram if you will send it to this office.

I have, &c.,

JOHN PENDER,
Chairman.

Sir F. Dillon Bell, K.C.M.G., &c., Agent-General for New Zealand.

The SECRETARY, Eastern Extension Company, to the AGENT-GENERAL, New South Wales.

SIR,—

Winchester House, 50, Old Broad Street, 10th June, 1886.

I am directed by the Chairman to transmit to you a copy of a telegram received from the New Zealand Government relative to the negotiations for the renewal of the New Zealand cable subsidy, together with a copy of the company's telegram forwarded in reply.

You will observe that, with a view to an amicable settlement of the question, the company have offered to apply the same principle to the New Zealand tariff as that embodied in the letter

addressed to you by the Chairman on the 2nd instant in reference to the general tariff between Europe and Australia, namely—a large reduction of rates in consideration of the average earnings for the past three years being guaranteed by the colonies.

The Chairman would venture to suggest that this offer should be supplemented to the telegram forwarded to your Government on the 3rd instant, and if you would be good enough to forward such a telegram to this office the company would be happy to frank it.

I have, &c.,

F. E. HESSE,
Secretary.

Sir Saul Samuel, K.C.M.G., &c., Agent-General for New South Wales.

The CHAIRMAN, Eastern Extension Company, to the POSTMASTER-GENERAL, New South Wales.
20th September, 1886.

HAVING failed, after prolonged negotiation with New Zealand Government, to obtain renewal of New Zealand cable subsidy, which expired last February, or to bring about satisfactory solution of the question, the company have decided to raise tariff over cable for intercolonial telegrams from 1st October proximo to ten shillings per ten words, with one shilling for each additional word.

The company have delayed taking this step for eight months, in the hope that the necessity for it would be avoided; but, as New Zealand Government refused to make any satisfactory arrangement, and the receipts after ten years' working are insufficient, when amortization is deducted, to give 2 per cent. return on the capital invested, they have no alternative, much as they regret it, but to raise the tariff to recoup the loss of the subsidy.

No. 3.

The AGENT-GENERAL to the Hon. the POSTMASTER-GENERAL.

SIR,— 7, Westminster Chambers, London, S.W., 18th November, 1886.

I received in due course your telegram of the 6th instant, directing me to ascertain from the Silverton Company how soon, after receiving an order to lay a new cable, it could be ready for use; also, whether they would agree either to construct a cable with a right of purchase by the Government, or to lease it for a term of years with an undertaking from the Government to purchase.

Before I got your message Mr. Pender had come to me many times about the differences between yourself and the company, and had shown me all the telegrams that had passed between you, as well as a great number of others, including extracts from colonial Press articles. I did not, however, think it was my business to interfere in the matter beyond doing my best to prevent, as far as I could, any exacerbation of the dispute on this side. But immediately upon your telegram to me Mr. Pender came again and asked me whether I could not suggest a way out of the deadlock to which things had got. I replied at once that the only way I could see was for the company to replace everything where it was before the 1st November; because, although the company's action in raising the rates had been checkmated by your terminal charge, the effect of the two together, so far as I could judge from the extracts of newspaper articles that had been telegraphed to him, seemed only to be to exasperate the public alike against the company and the Government. I therefore proposed that he should immediately restore the *status quo ante*, in order that Parliament might be able to consider the whole question next session. He accepted this suggestion, and I sent you a message on the 10th asking your consent, which you gave provided the rates were lowered to threepence, with a guarantee for the Press revenue not to suffer by the reduction. (I had read your message as referring only to the Press rate, because your telegram to Mr. Pender of the 6th October offered to give twelve months' notice before opening a new cable if the company would leave the present rates for ordinary messages unchanged and reduce the Press rates to threepence.) Thereupon Mr. Pender accepted your terms, and we agreed upon a telegram to be sent to you by him.

I now transmit copies of the telegrams that have passed between yourself and me, and of the series of other telegrams extending up to the present time, the greater part of which Mr. Pender published in a recent number of the *Anglo-New Zealander*.

I have, &c.,

The Hon. the Postmaster-General, Wellington.

F. D. BELL.

Enclosures.

The AGENT, Melbourne, to the EASTERN EXTENSION COMPANY, London.

8th October, 1886.

POSTMASTER will keep me informed all correspondence between himself and Sydney Postmaster. Telegram from latter stating "I have great hopes satisfactory arrangement will be made soon. Victoria will contribute towards the three subsidies, Darwin, Zealand, and Tasmania, on basis of population, and has asked Sydney Postmaster to communicate with all colonies on this subject."

The AGENT, Melbourne, to the EASTERN EXTENSION COMPANY, London.

8th October, 1886.

WELLINGTON 7th.—Report Dunedin Chamber of Commerce expresses opinion undesirable to lay duplicate cable, considered New Zealand should rather co-operate with Australian Governments in endeavour to obtain reduction of present tariff. Melbourne Chamber of Commerce meet Monday, and delegates will interview Postmaster again. Proposal of latter that all colonies should contribute subsidies gaining favour.

The AGENT, Sydney, to the EASTERN EXTENSION COMPANY, London.

11th October, 1886.

SYDNEY Postmaster just telegraphed following to Vogel: "Shall be glad to learn if you have arrived at any decision *re* Pender's telegram of 30th ultimo."

The AGENT, Sydney, to the EASTERN EXTENSION COMPANY, London.

13th October, 1886.

VOGEL promises reply before end of this week.

The AGENT, New Zealand, to the EASTERN EXTENSION COMPANY, London.

14th October, 1886.

At the annual meeting of the Dunedin Chamber of Commerce the following resolution was adopted: "That it is not desirable to lay a new cable as proposed, but the Government should co-operate with the other Australian Governments to secure reduction of rates."

The AGENT, New Zealand, to the EASTERN EXTENSION COMPANY, London.

14th October, 1886.

WELLINGTON papers state that a Cabinet Council was held on the 7th when cable question was under consideration, but that no decision was arrived at.

The AGENT, Melbourne to the EASTERN EXTENSION COMPANY,

14th October, 1886.

MELBOURNE Postmaster says Sydney Postmaster has intimated Vogel that he would recommend his colleagues to continue subsidy another five years. Company reduced rates as proposed January last to five shillings ten words, and urged him also agree to this. Vogel promised reply end this week. Sydney Postmaster asks would Victoria contribute portion subsidy if New South Wales reduces land-line charge on Victorian messages to New Zealand to one shilling ten words; latter will receive consideration Victorian Government.

The AGENT, Sydney, to the EASTERN EXTENSION COMPANY, London.

17th October, 1886.

VOGEL replied Postmaster, Sydney: "Government agree with your telegrams 24th and 29th September, but regret apparent change of view shown by telegram 13th. They consider it unfair to raise rate. I attach copy of a telegram I am sending company. Hope you will support same views which are those of your telegram, 24th September."

The AGENT, Sydney, to the EASTERN EXTENSION COMPANY, London.

18th October, 1886.

SYDNEY Government now waiting reply from Victoria to proposal that New South Wales and Victoria jointly pay subsidy to reduce transit rate from Melbourne to Sydney from two to one shilling, and increase rate for New Zealand messages over Darwin cable. Sargood, of Melbourne Chamber of Commerce, at Wellington, negotiating with Vogel.

The AGENT, Melbourne, to the EASTERN EXTENSION COMPANY, London.

18th October, 1886.

HAVE given Postmaster copy of Vogel's message. He expresses his sympathy with company, and asks what chairman proposes doing now, as he wishes to communicate President of Melbourne Chamber of Commerce, now in New Zealand, how to act on behalf of Victoria.

The AGENT, Sydney, to the EASTERN EXTENSION COMPANY, London.

22nd October, 1886.

VOGEL telegraphs Sydney: "Government are determined not to give subsidy—retrench wherever practicable. Reduction offered for subsidy very trifling for ordinary messages, few people enjoy them, and Press will guarantee equivalent revenue if reduction made. Renewal subsidy will tend keep monopoly and prevent new line. Whole charges between colonies and Europe should be greatly reduced. Request arrange conference Wellington about February."

The AGENT, Sydney, to the EASTERN EXTENSION COMPANY, London.

23rd October, 1886.

VICTORIA declines to contribute towards New Zealand cable subsidy unless upon the basis of federal subsidation of Australian cables. Sargood at meeting of Dunedin Chambers of Commerce said, "New Zealand must subsidize or submit to increased tariff."

In Brisbane Parliament Palmer moved, "In view of improbability of substantial reductions of rates by existing routes, Government should negotiate with the other colonies or subsidize new cable." He said that cable companies were huge monopolies. Premier agreed. He had received various proposals, but nothing definite had been submitted. Pacific cable proposal is not forward enough for Government to take action. He deprecated cable from a Queensland port to Asia, and considered cable communication more important than mail.

The CHAIRMAN, Eastern Extension Company, to the POSTMASTERS-GENERAL, Victoria and New South Wales.

27th October, 1886.

I SEND you a copy of my reply to Sir Julius Vogel's telegram refusing the company's offer of arbitration, and regret that we have no alternative but to raise the tariff from the 1st November. We hope public opinion will be so roused as to have this question settled upon a mutually satisfactory basis before long. May we ask for your good offices in this direction?

The AGENT, Melbourne, to the EASTERN EXTENSION COMPANY, London.

29th October, 1886.

AUCKLAND, Thursday.—Deputation from Press Association interviewed Premier and urged him to renew the cable subsidy. He declined to make a promise, but the Cabinet would reconsider the matter next week. A conference of the Postmasters of Melbourne, Sydney, and Adelaide is to be held here three weeks hence on postal matters. Dereham promises to bring the New Zealand cable subsidy under discussion. He regrets Vogel being so unreasonable, and admits that company have tried every means to deal liberally with him. General opinion is that the company is justified in raising the rates if the subsidy is not renewed.

The POSTMASTER-GENERAL, New South Wales, to the CHAIRMAN, Eastern Extension Company, London.

30th October, 1886.

REGRET your decision to raise the rates on November 1, which may cause this Government to exercise its rights under agreement. New Zealand, I understand from Press, further considers question Monday. Cannot see how matter could be determined by arbitration.

The CHAIRMAN, Eastern Extension Company, London, to the POSTMASTER-GENERAL, Sydney.

30th October, 1886.

I HAVE received your telegram of this date, and now send you copy of the reply I have forwarded to Sir Julius Vogel's further telegram. We have previously asked for your good offices towards bringing about an amicable arrangement, and I am still hopeful that your influence will be used with the view to an early settlement of the question.

The POSTMASTER-GENERAL, South Australia, to the EASTERN EXTENSION COMPANY, London.

29th October, 1886.

WOULD suggest for Chairman's consideration that Victoria or Sydney be asked to mediate. Can I do anything to assist this?

The CHAIRMAN to the POSTMASTER-GENERAL, South Australia.

30th October, 1886.

THANKS for your kind offer. I have already asked the Victorian and Sydney Governments to use their good offices towards bringing about satisfactory arrangement, and I should be glad if your Government would use their influence in the same direction. Present position has been forced upon us by the arbitrary action of the New Zealand Government. Responsibility must, therefore, rest with them.

The POSTMASTER-GENERAL, New South Wales, to the EASTERN EXTENSION COMPANY, London.

30th October, 1886.

WILL collect increased rates New Zealand cable under protest. Consider company acting illegally in raising tariffs.

The CHAIRMAN to the POSTMASTER-GENERAL, Sydney.

1st November, 1886.

I HAVE received your telegram of 30th, and am sorry to find you consider we are acting illegally. As already told you, we are acting on the highest legal advice, and have been forced into the present position by the arbitrary action of New Zealand Government. We cannot believe that the telegraphing public will be willing to bear not only the increased cable charge, but the excessively high terminal rate imposed by New Zealand in the face of the company's offer to give a 5s. tariff for ten words, and 3d. per word for the Press for the additional five years' subsidy sanctioned by New Zealand Parliament.

We still hope the good offices of your Government, Victoria, and South Australia will lead to an early and amicable settlement of the question.

The AGENT, Sydney, to the EASTERN EXTENSION COMPANY, London.

1st November, 1886.

Nelson Mail says: "Colonial Treasurer's dispute with company come to head; Government refusing to give amicable consideration latest terms proposed by company, latter decide to raise rates. Vogel fought his hardest, but his opponents altogether too powerful, besides occupying commanding position. No doubt about the result now, as public will not stand heavy rates. Best for Government to admit that they have been too exacting and come to terms with the company at once."

The AGENT, Sydney, to the EASTERN EXTENSION COMPANY.

1st November, 1886.

HAVE distributed following Wellington telegram to Australian Press: "At meeting of Cabinet to-day New Zealand Government have decided to impose a terminal charge on inward messages of four shillings for the first ten words and five pence for each additional word. It is expected this will cover increase on outgoing messages."

Vogel says: "We shall collect same amount as at present, and trust to increase in rates on inward messages which the company will have collected and be accountable for to us to recoup the additional amount for which we shall have to be accountable to the company."

The AGENT, Melbourne, to the EASTERN EXTENSION COMPANY, London.

1st November, 1886.

HALF-YEARLY report published, and good leader to-day's *Argus* reviews whole question, throws blame on Vogel; concludes better for colonies hold Chairman to his word to accept same subsidy asked by Pacific, now Australia made to pay for Vogel's humours and caprices. Acting direct opposition Victoria and New South Wales; latter advised him take sensible course gain reduction, leaving question of competition to the future. Vogel flouts idle scheme not only against company but against wishes two most popular colonies; declines advice, rejects arbitration, follows isolated policy to annoy Australia and New Zealand; high rates direct tax on public might have been avoided. Victoria pays liberally for communication with Europe and interested in maintaining complete intercolonial system. Matter must not be allowed rest if Vogel stands out against other colonies, having himself to blame for any retaliatory measures they may be obliged to adopt.

The AGENT, Nelson, to the EASTERN EXTENSION COMPANY, London.

1st November, 1886.

THE intention of the New Zealand Government is to collect the old rates on intercolonial messages from New Zealand, and debit the company with the new terminal charges on incoming telegrams, trusting that the amount debited against the company will recoup the Government for loss on outgoing messages.

AGENT, Nelson, to the EASTERN EXTENSION COMPANY, London.

2nd November, 1886.

MIDNIGHT. All the leading journals denounce the terminal charge, and urge the Government to come to terms. Full particulars later.

The AGENT, Sydney, to the EASTERN EXTENSION COMPANY, London.

1st November, 1886.

Sydney Herald says: "Increased rates almost prohibitory. Seriously affect business. Responsibility rests with Zealand Government, which has acted all through without slightest consideration for public, company; shown no regard for public either. Zealand Government blundered sadly. Vogel may be right better for colony lay cable than pay subsidy. Cable, however, cannot be laid in week. Absurd fight when company hold whip hand. As new cable idea thought of too late, best accept company's offer."

Christchurch Times says: "Terminal proposal bad one. Public will suffer. Press messages much curtailed."

Auckland Herald says: "For unpleasant relations engendered we have to thank Melbourne Press, which, with usual tendency intermeddle with other people's affairs, took up cudgels in company's behalf, inveighed in an offensive way against colony and Government."

The AGENT, Melbourne, to the EASTERN EXTENSION COMPANY, London.

2nd November, 1886.

PRESS strongly denounce terminal charge. Consider company have best of dispute. Vogel must give way, and make terms to meet requirements of telegraphing public.

The AGENT, Nelson, to the EASTERN EXTENSION COMPANY, London.

2nd November, 1886.

Otago Daily Times affirms not slightest chance of Parliament consenting to lay new cable in competition with present one, and describes portion of arguments relied on by Government as to illegality of increasing tariff as bounce.

The AGENT, Sydney, to the EASTERN EXTENSION COMPANY, London.

2nd November, 1886.

Sydney Herald publishes half-yearly meeting report, and all New Zealand Press comments.

Reuter's Auckland telegram says: "All leading journals denounce terminal charge, and urge Government come to terms with company."

The EASTERN EXTENSION COMPANY, London, to POSTMASTER-GENERAL, South Australia.

3rd November, 1886.

PROPOSAL made by Chairman at general meeting of half-crown tariff for £100,000 subsidy was based on assumption that Eastern and their partners would come into arrangement, which Chairman believes could be brought about, and is dependent on your Government accepting *pro rata* reduction of transit rate as contemplated for guarantee proposal, and that Government, ordinary, and Press telegrams are carried at uniform tariff, company of course taking risk of providing and maintaining plant necessary for carrying large increase traffic.

The AGENT, Adelaide, to EASTERN EXTENSION COMPANY, London.

3rd November, 1886.

LEADING article in Monday's *Advertiser*:—"Pender has not shown perfect temper or entire ingenuousness, but contrasts most favourably with Vogel's spirit of overbearance, and whose slipperiness is anything but creditable. We shall be surprised if the matter is allowed to rest where it is."

I have advised Adelaide and Perth, and hope they will join with the other colonies in protesting against Vogel's action. There is to be a Postal Conference held in Melbourne in two weeks' time, to consider colonies joining Postal Union and the Ocean Steamship services. I believe Cockburn (Minister of Education) and Todd will represent Adelaide. Todd has telegraphed Chairman.

The AGENT, Sydney, to the EASTERN EXTENSION COMPANY, London.

3rd November, 1886.

SYDNEY Postmaster-General telegraphed following to Vogel: "From late telegrams in newspapers it seems you are only charging your public the old rates on messages sent from New Zealand, losing the four shillings to make up the company's charges of ten shillings. I think it unfair that senders of messages from here to New Zealand should be asked to recoup your loss and bear all the disadvantages of the position, and am clearly of opinion now that the proper course to adopt is not to collect any New Zealand terminal charge from senders in this colony, but to collect the cable rate to Wakapuaka and our own terminal charge only, leaving New Zealand to fix and collect their own land tariff both ways. We shall commence this arrangement to-morrow, 4th November."

The AGENT, Sydney, to the EASTERN EXTENSION COMPANY, London.

3rd November, 1886.

BROWNING will notify New Zealand Government that we cannot be accountable for their land charges, and will hand them our messages with that understanding.

The AGENT, Melbourne, to the EASTERN EXTENSION COMPANY, London.

3rd November, 1886.

SAW Derham to-day. He has communicated with Suttor, proposing that Victoria and New South Wales reduce their rate to sixpence each, if New Zealand comes to terms with the company. I drew his attention to the chairman's proposal to give 2s. 6d. rate for European messages, if colonies give the company the amount asked by Pacific scheme promoters. He made note of the same, and said the Government have received no definite proposal from Pacific people yet.

The AGENT, Sydney, to the EASTERN EXTENSION COMPANY, London.

5th November, 1886.

AUSTRALIAN papers publish Suttor's message to Vogel third without comment, cautioning senders that their messages are liable to further charge on delivery in New Zealand.

Superintendent of New Zealand Telegraphs notifies Browning as follows: "Instructed to say we decline receive messages on any such conditions. We adhere to our terminal rates."

Browning again informed him that "we hand Australian messages on conditions stated, that means of stopping rests with Government. Company will not be responsible."

Vogel telegraphs to Suttor: "I think you should help us and not the company in their exactions, and collect our inland rates irrespective of new terminal rates on same scale as hitherto, we collecting your full rate. Let me know if you will do this. We find company's Superintendent is forwarding to persons here copies newspaper articles as if he were Press agent. Do you allow these free on your lines? they should not be. We intend to surcharge as ordinary messages, and wish to add, in case you be influenced by statements made, that I have no personal feeling in matter; am only carrying out decision of Government."

Sydney *Herald* publishes telegram from Auckland saying cable dispute ended in deadlock, company refused to collect terminal charges, and Government decline to forward messages unless charge collected.

I have sent following to New Zealand Press Association: "Telegram from Auckland says company refuse to collect New Zealand land line or terminal charges on Australian telegrams. These charges are now question in dispute between Governments of Sydney and New Zealand. The money hitherto collected to cover them has never passed through the company, who have not the power to collect in from public. We have simply informed New Zealand Government that, whilst handing them the telegrams, we cannot be accountable for their charges."

The AGENT, Melbourne, to the EASTERN EXTENSION COMPANY, London.

5th November, 1886.

LETTERS received to-day by Reuter's agent, dated New Zealand, 30th October. Premier indicated, in reply to deputation of Press Association, that Government might probably be disposed to offer annual subsidy.

Opinion Reuter's New Zealand Agent: If company willing accept yearly subsidy indefinite term subject reasonable notice to terminate same, Government are likely to grant it, Parliament would be afforded an opportunity of finally deciding the question next year. If you think this worthy of consideration could arrange that Government be advised indirectly that company would probably consider such proposal.

The AGENT, Adelaide, to the EASTERN EXTENSION COMPANY, London.

6th November, 1886.

POSTAL Conference to be held Melbourne 19th: New South Wales, Mr. Suttor; Victoria, Mr. Derham; South Australia, Dr. Cockburn, and Mr. Todd probably accompanies.

The AGENT, Sydney, to the EASTERN EXTENSION COMPANY, London.

7th November, 1886.

WELLINGTON *Evening News* says: "Imposition terminal charge absolutely incomprehensible and unjustifiable. If Government charged for accommodation and clerical services company probably had to pay for it. Beyond slight decrease in traffic, charge will not fall on company, but heavily on public and Press. All Press messages being paid for in Queensland must cause serious diminution in cable news. Impossible to conceive of anything more unfair than making senders to New Zealand pay extra cable charge on messages from New Zealand. As large proportion of received messages are addressed to Reuter and Press Association, it means Press will have to make up main part of difference between old and new rates on messages sent from Queensland by general public."

The AGENT, Sydney, to the EASTERN EXTENSION COMPANY, London.

7th November, 1886.

AUCKLAND telegram to Australian Press says: "Terminal charges not imposed on Press messages. Government determined maintain present attitude."

Lyttelton Times says: "Cannot compliment Government. Public are victims. Suffer through newspapers, cable correspondents, and pocket. Company opened fire after long period of threats. Government put newspapers into front rank victims first. Result struggle for cheaper rates, they become prohibitory. Company do not suffer from this blunder. If tone *Melbourne Argus* criterion, retaliation in Australia probable. Australians reminded us that we have free use of cables they subsidize when they find use ours inordinately high, quite easy to raise their rates. Wool market grave, only allayed by daily bulletins. Critical affairs in the East, Importance cheap rates imperative. Government trump card is new cable. Cannot be played till session six months hence. If played victimizing continues another year. If beyond doubt after suffering eighteen months new cable gave boon low rates without costing more than Government was year ago prepared to pay for five years, it would be set off, but detailed estimate not yet published. Public not assured that point, but will trump card be allowed? Economists have so much power that to obtain Parliamentary sanction for great work very different from what it was few years ago. After six months' exasperation public mind may prove too strong for economists. Under all circumstances better have accepted company's proposal to arbitrate. Dignified, prudent course conducive to public interests."

The AGENT, New Zealand, to the EASTERN EXTENSION COMPANY, London.

7th November, 1886.

LEADING articles in Australian papers favourable to company distributed to New Zealand Press.

Auckland Evening Star says: "Think Government should act in union with New South Wales." Auckland Chamber of Commerce is urging Government to settle dispute cable question.

The AGENT, Sydney, to the EASTERN EXTENSION COMPANY, London.

8th November, 1886.

Nelson Evening Mail says: "Dispute is gradually assuming more serious proportions. From published telegrams company checkmated Treasurer's move of charging high for land line by refusing to accept in Australia the responsibility of forwarding messages beyond Wakapuaka, thus throwing onus on Government. Meantime the public are suffering owing to the absence of but the baldest cable news, and before many days there will be a general outcry throughout the colony. Vogel not only fights the company—a most powerful organization—but has taken up a position entirely opposed to the views of the Australian Government, and against such a combination he must prove powerless. The sooner he beats a retreat the better for the colony. The company are not making exorbitant demands, and, though we cannot blame Treasurer in trying to make a good bargain, it is foolish to persist when the chances of winning are hopeless."

The AGENT, Melbourne, to the EASTERN EXTENSION COMPANY, London.

8th November, 1886.

ON message from Victoria and Tasmania, Sydney and Victoria, get 1s. each. Derham's proposals, in the event of New Zealand making terms with company, reduce to 6d. each, making cable 5s.; each colony, 6d. Total from Melbourne, 6s. 6d.

The AGENT, Sydney, to the EASTERN EXTENSION COMPANY, London.

8th November, 1886.

WELLINGTON *Post* says: "Company and Government bluffing one another. Company too greedy. General understanding last session subsidy not to be renewed for five years. To refer to London question of arbitration would yield everything to company. Government wrong in refusing all offers; should subsidize at year's notice. Ministers could not discontinue subsidy without consent of Parliament, which will not be withheld while company in the right." Same paper next day advises Government to promise subsidy of £10,000 to proposed Pacific cable.

The AGENT, Sydney, to the EASTERN EXTENSION COMPANY, London.

8th November, 1886.

NEW ZEALAND terminal charges have always been settled by the Sydney Government; never have passed through company's accounts. This is not the time to change the system. New Zealand Government repeat that they hold us responsible for their terminal charges. I expect they will refuse to balance in a few days, when there will be a deadlock. Victoria is the only colony collecting New Zealand terminal charges, and they are hesitating over it. Please instruct.

The AGENT, Sydney, to the EASTERN EXTENSION COMPANY, London.

10th November, 1886.

VICTORIA has ceased collecting 4s. terminal rate, and has notified New Zealand.

The AGENT, Sydney, to the EASTERN EXTENSION COMPANY, London.

10th November, 1886.

WELLINGTON *Evening Post* says: "Press Association resolved that, if increased rates insisted, on messages will be cut down to lowest limits. All newspapers informed that Association urged Government to arrange terms with company for five years. Association resolved not to interview Vogel after unsatisfactory conversation with Stout. Newspaper representatives of all shades of politics were present, and decision unanimous that another meeting should be held when Parliament assembled."

The AGENT, Nelson, to the EASTERN EXTENSION COMPANY, London.

10th November, 1886.

WELLINGTON *Evening Press*, November 10th: "The Government undoubtedly are taking great responsibility upon themselves in standing out against the demand of the company. It will be interesting to see the outcome of the dispute. It is unfair of the Australian Press to blame Vogel personally. We are bound to say that the situation is becoming embarrassing. It would be well for the Government to weigh the matter carefully and keep themselves informed of the practical results of their action. The Government will incur great blame if through their handling negotiations telegraphic connection with Australia is even suspended for any considerable time."

The AGENT, Nelson, to the EASTERN EXTENSION COMPANY, London.

11th November, 1886.

WELLINGTON *Evening Post*, Ministerial paper, Friday, 5th: "The present attitude of the Government putting itself in the wrong and raising public feeling on the question against it. If the Government would offer the company the regular subsidy from year to year, not for a fixed term, but subject to twelve months' notice of discontinuance, public opinion would certainly approve the arrangement and uphold their action. It will be well within parliamentary authority, and would evince desire to meet the company amicably. If the company refuse an offer of this nature then onus necessarily causing inconvenience thrown upon them."

The AGENT, Nelson, to the EASTERN EXTENSION COMPANY, London.

11th November, 1886.

WELLINGTON *Times*, 9th: "We are not surprised at general anxiety felt for some amicable arrangement. We sympathize with the Government in their desire to economize, but the plea of economy is not always a complete answer. We have hitherto given the Government cordial support. Given that the Ministers have accurate views and facts, we must confess our confidence somewhat shaken by recent events. Doubt has been expressed of the company's power to raise the rates; most practical manner rates being levied. Threatened contention that Government could withhold or charge for accommodation seems to have been equally unfounded. Refusal Australia collect charges brought matters to something like deadlock. No dignified exit seems practicable. These questions should be answered: Is there any prospect Pacific cable being carried into effect? Who right, Government or company? If answers favourable Government, then Ministers should be supported; if not, sooner Ministers pocket their dignity, make best terms practicable, the better for every one connected."

The Hon. the POSTMASTER-GENERAL, South Australia, to the EASTERN EXTENSION COMPANY, London.

13th November, 1886.

We are charging only to Wakapuaka on New Zealand telegrams, leaving that colony to collect her terminal rates on delivery. Victoria and Sydney favourable to joint protest. Am going to Melbourne on Wednesday.

The CHAIRMAN, Eastern Extension Company, to the Hon. the POSTMASTER-GENERAL, Wellington.

12th November, 1886.

In view of the deadlock which had arisen between the company and the Government, and the serious public inconvenience resulting, the Agent-General suggested to the company to revert to the position occupied by both company and Government prior to the 1st November, so that the New Zealand Parliament should have the opportunity of fully reviewing the whole question next session. The company have agreed to accept this suggestion, believing that it will be viewed as an evidence

of their desire to meet the convenience of the telegraphing public as far as possible, and believing also that the New Zealand Parliament will appreciate their motives for terminating the existing dispute. The Agent-General now informs me that your Government will approve his suggestion that the company should restore the *status quo ante* for the next six months, upon the company agreeing to lower the Press rate to threepence per word on a guarantee of Press that the Press revenue will not suffer by that reduction. In further evidence of our desire to meet the public requirements, I accept this proposal, on the understanding that you insure the Press guarantee. Immediately on receiving your acceptance of this arrangement, orders will be sent to our Agents, and the Government and Press will be notified accordingly.

The CHAIRMAN, Eastern Extension Company, to the POSTMASTERS-GENERAL, New South Wales, Victoria, and South Australia.

12th November, 1886.

THE company have agreed to a proposal made by the Agent-General of New Zealand for removing the deadlock between his Government and the company, by reverting for six months to the position occupied by the company and the Government before the first November, in order to give the New Zealand Parliament the opportunity of reviewing the whole question of telegraphic communication next session. The company have also agreed to reduce the tariff for Press messages to threepence per word upon a Press guarantee to make up the same amount of Press revenue, and I hope that the sacrifice the company thus make will be appreciated by the Governments, public, and Press, and viewed as a further evidence of the company's desire to meet their convenience and requirements.

I forward a copy of a telegram I have addressed to Sir Julius Vogel, and should be glad to receive an expression of your satisfaction at the termination of the existing dispute.

No. 4.

The AGENT-GENERAL, London, to the Hon. the POSTMASTER-GENERAL, Wellington.

SIR,— 7, Westminster Chambers, London, S.W., 30th November, 1886.

In continuation of my letter of the 18th instant, No. 1,504, I now transmit copies of further telegrams printed by the Eastern Extension Company relating to the New Zealand cable. I was glad to see that on the 24th Mr. Pender telegraphed to all the Postmasters-General to refund the 4s. charge collected since the 1st of the month.

I have, &c.,

The Hon. the Postmaster-General, Wellington.

F. D. BELL.

The CHAIRMAN, Eastern Extension Company, to the POSTMASTERS-GENERAL, Victoria, New South Wales, and South Australia.

23rd November, 1886.

I FORWARD you copy of telegram which I have to-day addressed to Sir Julius Vogel, and which practically removes the deadlock for present. I hope before the six months expire that the New Zealand connection with Australia will be put on a satisfactory footing for the future. I also hope that the Australian Governments will see the desirability of considering the company's guarantee proposal, as it would give the colonies complete control over telegraph system, and enable them to make the rates what they please.

The AGENT, Sydney, to the EASTERN EXTENSION COMPANY, London.

23rd November, 1886.

19TH NOVEMBER.—Queensland Government notify that they have ceased until further notice to collect New Zealand land rates. Wellington *Times* jubilant, cordially congratulates Vogel on the victory achieved.

The AGENT, Melbourne, to the EASTERN EXTENSION COMPANY, London.

23rd November, 1886.

23RD NOVEMBER.—Postmasters of New South Wales and South Australia ask Chairman to authorize reverting to New Zealand former tariff for ordinary messages pending the settlement of the Press guarantee.

The CHAIRMAN, Eastern Extension Company, to the POSTMASTERS-GENERAL, Victoria, New South Wales, New Zealand, South Australia, and Queensland.

24th November, 1886.

In continuation of my telegrams of yesterday, and to make the *status quo ante* complete, I authorize you to refund to the senders of messages the additional charge of 4s. collected for the New Zealand cable since the 1st November.

[Approximate Cost of Paper.—Preparation, nil; printing (1,400 copies), 49 2s. 6d.]