

1903.

## NEW ZEALAND.

# AGREEMENT BETWEEN COMMONWEALTH AND EASTERN EXTENSION COMPANY.

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

Rt. Hon. Richard Seddon, Prime Minister, Wellington.

In pursuance of promise at the time of Colonial Conference, have much pleasure in informing you that the Governments here about entering into agreement with Eastern Extension Company, subject approval of Parliament. New agreement will affect whole Commonwealth, and will be in substitution for existing agreement with New South Wales, South Australia, Tasmania, Western Australia, current for ten years, then terminable on two years' notice either side. Company entitled establish offices in four States mentioned, and in agreement will have right to establish also Victoria Queensland, though latter not contemplated yet. On completion agreement, reduced charges Australian Colonies to India China will come into force. New clause precludes company disposing of cables ordinarily used between Australian Colonies and Great Britain, or in Commonwealth, without first giving option His Majesty's Government and Commonwealth purchase of cable and appurtenances, price to be agreed or by arbitration. Think extension of agreement to Victoria Queensland more than compensated by change from perpetuity at will of the company into contract terminable in reasonably short time.—BARTON, Melbourne, 5th March, 1903.

Premier, New Plymouth.

Melbourne, 12th May.

AGREEMENT with Eastern Extension Company signed. Copy by mail.

BARTON.

Wellington, 12th May.

Right Hon. Barton, Commonwealth Premier, Melbourne.

WITH profound regret learn agreement signed. Sincerely hope Parliament will not ratify it. Have written you fully on matter.

SEDDON.

Right Hon. Richard Seddon, Prime Minister, Auckland.

Melbourne, 14th May.

REGRET you deplore my signing Commonwealth agreement Eastern Extension Company. Shall await with interest your letter containing reasons for preferring perpetuity of old agreement.

EDMUND BARTON.

SIR,—

Wellington, 11th May, 1903.

Referring to the concessions proposed to be granted under a new agreement as between the Commonwealth and the Eastern Extension Company, the New Zealand Government urge that the proposed concessions be not granted.

I desire to point out that the United Kingdom, Canada, New South Wales, Victoria, Queensland, and New Zealand entered into a partnership for the construction and maintenance of the Pacific cable, known as the "All-red Line," each party to the contract naturally depending and relying upon the other not to do anything that might prove inimical to the undertaking. The extreme rates charged by the Eastern Extension Company, enjoying, as it did, a monopoly, was one of the causes that impelled the several contracting parties to join together to construct and maintain the Pacific cable.

The anticipated returns of the Pacific cable were based upon rates much lower than what the Eastern Extension Company at the time charged New South Wales, Victoria, Queensland, and New Zealand, and it was presumed that the manner of obtaining business would continue as previously existing.

At the time the partnership was entered into, had either New South Wales, Victoria, or Queensland stated that they would agree to the now proposed concessions, or that concessions which were subsequently conceded by New South Wales after the Pacific cable agreement had been practically entered into would be granted, New Zealand, Canada, and the Mother-country would, without doubt, have hesitated before having anything to do with the undertaking.

I beg positively to state, so far as New Zealand is concerned, knowing how far-reaching in securing business such concessions are, this Government would never have entered into the agreement respecting the Pacific cable.

The Hon. Mr. Crick, Postmaster-General, who granted the Eastern Extension Company the concessions on behalf of New South Wales Government, stated that the concessions had been granted so as to enable that colony to secure from the company the advantages of lower rates which then obtained in Western Australia, South Australia, and Tasmania.