

and it is to be hoped that before long the representations which have been made to the Board on this head will induce them to take measures to meet their rivals on equal terms.

The matter has been fully considered by this Government. The agreement was not entered into hurriedly—in fact, the negotiations extended over twelve months—and it is with full confidence that its adoption will be for the benefit of the Commonwealth without injuring the Pacific cable, which, however, will in the future reap distinct advantage, that Ministers propose to ask Parliament to ratify their action.

May I add, with regard to the concluding paragraph of your letter, that I did not understand Sir Joseph Ward, after our first conversation on the subject during his recent visit to Australia, to urge that the new contract should not be proceeded with. The matter was discussed between us, and when I explained the position to your colleague he told me that he would put it fully before you, and I was certainly not under the impression that he remained strongly, if at all, opposed to the action taken by this Government.

After a perusal of this letter I trust you will consider that your objections have been fairly met.

I have, &c.,

EDMUND BARTON.

The Right Honourable the Prime Minister of New Zealand, Wellington.

MINUTE BY SIR JOSEPH WARD.

Right Hon. the Premier.

I HAVE not at any time concurred in the signing of the Eastern cable agreement, and I have put on record my strong protest against New South Wales's action, and made strong representations against it. I so informed Sir Edmund Barton, and expressed the hope that the Federal Government would not ratify. Sir Edmund explained fully that the Federal Government was not in any way responsible for the signing of the New South Wales agreement; that under it a partnership or agreement for all time had been created, and that the course the Federal Government were following was to limit that agreement to ten years instead of all time. I told him I would explain his view on the matter to you, which I did. I am still of the opinion the agreement should never have been entered into, and that it should not be perpetuated for a day if it is possible to end it by legislation or otherwise, though I fully recognise the fact that it is a legacy to the Federal Government from a former self-governing colony, whose acts, I assume, cannot be repudiated—in this case, more is the pity.

25th June, 1903.

J. G. WARD.

No. 2.

SIR,—

Prime Minister's Office, Wellington, 29th June, 1903.

I have the honour to acknowledge the receipt of your letter of the 1st June, in reply to mine of the 11th May, relative to the new agreement between the Government of the Commonwealth and the Eastern Extension Company.

After giving full and careful consideration to the reasons advanced by you in favour of the agreement, I regret to have to profess my inability to see how they meet the objections urged by me.

If I appreciate your reasoning properly it amounts to this: that one of the Australian co-partners in the Pacific cable having entered into contracts with the Extension Company which constituted what (to quote the Conference of Postmasters-General) was practically a breach of faith with the other co-partners, the Commonwealth Government by the new agreement not only makes all the original Australian co-partners parties to the breach, but extends its scope by granting additional concessions to the Eastern Extension Company to the prejudice of the Pacific cable, and justifies this on the ground that the original breach was interminable, whereas that by the Commonwealth, representing all the Australian partners, may be terminated in between twelve and thirteen years, if the Commonwealth Government thinks fit to give the necessary notice.

You say that I do not attempt to show in what other way the Commonwealth Government could relieve itself of the virtually perpetual obligations of the existing contracts with the four States concerned. Quite so. Any such attempt on my part would be uncalled-for and unwarranted. The Commonwealth Government is well able to manage its own affairs, and my sole province is to respectfully but emphatically protest against what, in the judgment of my colleagues and myself, is inimical financially to the interests of New Zealand as one of the partners in the Pacific cable.

The position as stated in my first letter seems to me to be so plain, and so little affected by your reply, that my main purpose in writing now is to correct a misapprehension on your part as to the attitude of my colleague, Sir J. G. Ward, the Postmaster-General; and I cannot do so more effectually than by quoting a minute that he has addressed to me after reading your letter. He says:—

“I have not at any time concurred in the signing of the Eastern cable agreement, and have put on record my strong protest against New South Wales's action and made strong representations against it. I so informed Sir Edmund Barton, and expressed the hope that the Federal Government would not ratify. Sir Edmund explained fully that the Federal Government was not in any way responsible for the signing of the New South Wales agreement; that under it a partnership or agreement for all time had been created, and that the course the Federal Government were following was to limit the agreement to ten years instead of all time. I told him I would explain his view on the matter to you, which I did. I am still of opinion the agreement should never have been entered into, and that it should not be perpetuated for a day, if it is possible to end it by legislation or otherwise, though I fully recognise the fact that it is a legacy to the Federal Government from a former self-governing colony, whose acts, I assume, cannot be repudiated—in this case, more is the pity.”