

There will still be a difference of 1d. per word between the Government rate *via* Eastern and that *via* Pacific, but I cannot see how the company can make a lower rate for New Zealand than for the Commonwealth, which is 1s. 7½d. per word both *via* Eastern and *via* Pacific.

I have, &c.,

The Secretary, General Post Office, Wellington.

W. WARREN,
Manager in Australasia.

No. 27.

The Hon. the PRIME MINISTER of the COMMONWEALTH, Melbourne, to the Hon. the PRIME MINISTER, Wellington.

(Telegram.)

Melbourne, 9th March, 1903.

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 Parliament. New agreement will affect whole Commonwealth, and will be in substitution for existing agreement with New South Wales, South Australia, Tasmania, and Western Australia; current for ten years, then terminable on two years' notice either side. Company entitled establish offices in four States mentioned in agreement. Will have right to establish also Queensland, though latter not contemplated yet. On completion of 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 appurtenances, price to be agreed by arbitration: and think extension of agreement to Victoria Queensland more than compensated by change from perpetuity at will of company into contract terminable in reasonably short time.

No. 28.

The AGENT-GENERAL to the Hon. the PRIME MINISTER.

Westminster Chambers, 13, Victoria Street, London, S.W.,
17th March, 1903.

SIR,—

Referring to your cablegram of the 10th instant [not printed], relating to the agreement which the Government of the Commonwealth of Australia propose to make with the Eastern Extension, Australasia, and China Telegraph Company, I beg herewith to transmit copy of letter which I addressed to the Colonial Office, the Pacific Cable Board, and the High Commissioner for Canada, together with copy of reply thereto which I have received from the Chairman of the Pacific Cable Board.

I have, &c.,

The Hon. the Premier, Wellington.

W. P. REEVES.

Enclosure 1 in No. 28.

The AGENT-GENERAL to the UNDER-SECRETARY of STATE for the COLONIES.

Westminster Chambers, 13, Victoria Street, London, S.W.,
11th March, 1903.

SIR,—

I have the honour to inform you that my Government, understanding that the Government of the Commonwealth proposed to enter into an amended agreement with the Eastern Extension, Australasia, and China Telegraph Company, requested the Premier of the Commonwealth to furnish them with a copy of the proposed agreement, and in compliance with this request my Government have received a communication from him to the following effect:—

Mr. Barton states that, in pursuance of a promise made at the time of the Colonial Conference, his Government are about to enter into an agreement with the Eastern Extension Company (subject to the approval of the Parliament of the Commonwealth) which will affect all the States of the Commonwealth, and be in substitution of the agreement which at present exists with only New South Wales, South Australia, Tasmania, and Western Australia, such agreement to be current for a period of ten years, and thereafter to be terminable at a two-years notice on either side. Under this proposed agreement the company will be entitled to establish stations in both Victoria and Queensland, though it is not at present contemplated to establish them in Queensland. On completion of the agreement reduced charges for messages from Australia to India and China will come into force, and a new clause will preclude the company from disposing of cables in ordinary use between the Australian Colonies and Great Britain or in the Commonwealth without first giving to His Majesty's Government and to the Government of the Commonwealth the option to purchase the cable and its appurtenances at a price to be agreed on by arbitration.

Mr. Barton, in communicating these particulars to my Government, expresses an opinion that the extension of the agreement to Victoria and Queensland is more than compensated by the change of perpetuity of the agreement at the will of the company into a contract terminable in a reasonably short time.

My Government, in communicating the above information to me, express their strong opinion that the effect of this agreement will be prejudicial to the interests of the Pacific cable. It will give the company not only separate offices but separate wires for their traffic, and make the company independent of Government officers, and give the company advantages in other respects superior to those possessed by the Pacific cable. I am therefore instructed to state that my Government strongly protest against the advantages which the Eastern Extension Company will