

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.

It follows as a natural sequence that unless the Eastern Extension Telegraph Company received a *quid pro quo* such lower rates would not have been conceded; the *quid pro quo* being that the Eastern Company, through the concessions granted, will be able to secure business that would otherwise have gone to the Pacific cable. The lessening of business to the Pacific cable means that a loss is entailed upon the whole contributing parties.

So far as New South Wales, Victoria, and Queensland are concerned, the unfairness of the proposals is self-evident, should the proposed lower rate be secured, owing to granting the concession, seeing that Canada and the Mother-country get no collateral advantages, and could not do so even if they followed the regrettable lead of New South Wales, or did what the Commonwealth now proposes—namely, make terms for themselves and throw over the other contracting parties.

Subsequent to the granting by Mr. Crick (Postmaster-General for New South Wales) of the concessions to the Eastern Company, a conference of Postmasters-General was held in Melbourne, the Hon. Mr. Drake representing Queensland, the Hon. Mr. Duffy representing Victoria, and the Right Hon. Mr. Seddon representing New Zealand, and the conclusion arrived at was that to grant the concessions asked by the Eastern Extension Company—similar to those granted by New South Wales—would practically amount to a breach of faith with the other contracting parties to the Pacific cable, and with the approval of the respective Governments of Queensland, Victoria, and New Zealand the terms stipulated by the Eastern Company were rejected.

I understand that the main reasons weighing with you for granting the concessions are that by the new agreement a term of ten years is fixed for the termination of what was originally an interminable agreement. You will readily see that this means of extricating the Commonwealth from a one-sided contract will profit it at the expense of the other contracting parties to the Pacific cable.

I have, after making careful inquiry, ascertained that, given the concessions proposed, the Eastern Extension Company will be in a far better position to increase its business, and it will have a command of business which otherwise it would not secure, and correspondingly the business of the Pacific cable will be reduced. It would be absurd for a moment to suppose that the Eastern Extension Company, by being granted direct connecting lines, the right to have their own offices, and the direct control of their receiving and delivery business, obtains no advantage. I do not for a moment think it will be urged that from patriotic motives alone the company permitted an interminable contract to be reduced to ten years. The gain to the Eastern Company means loss to the Pacific cable, and that loss, and without anything to compensate them therefor, will mainly fall upon the Mother-country, Canada, and New Zealand.

What I strongly urge upon you, your colleagues, and the Commonwealth of Australia is not to be parties to a transaction that is open to question and inimical to the Pacific cable. In all fairness I contend that the material change contemplated should not be made without the consent of the other contracting parties to the Pacific cable agreement.

I trust, therefore, the matter may be reconsidered, and that the new agreement with the Eastern Extension Company, which would destroy the harmony that should exist as between the contracting parties, and which is essential to the success of the Pacific cable, may not be entered into.

My colleague, the Hon. Sir Joseph Ward, Postmaster-General, when in Australia saw you, and personally urged that the new contract should not be proceeded with. It has been since announced that you have signed the new contract, leaving the same over for confirmation by the Commonwealth Parliament.

I, on behalf of the colony, expostulate, and have given reasons in support of my expostulation, in the strong hope that the proposed agreement, granting the Eastern Extension Company the concessions and privileges mentioned in your communication to me, may not be entered into.

I have, &c.,

R. J. SEDDON.

The Right Hon. Sir Edmund Barton, P.C., G.C.M.G., Prime Minister
of the Commonwealth, Melbourne.

Commonwealth of Australia, Department of External Affairs,
Melbourne, 11th May, 1903.

SIR,—

In continuation of my telegraphic despatch of the present date, I have the honour to transmit for your information the accompanying copy of an agreement which has been entered into between the Commonwealth Government and the Eastern Extension Telegraph Company.

I have, &c.,

EDMUND BARTON.

The Right Hon. the Prime Minister of New Zealand, Wellington, N.Z.

AN AGREEMENT dated the _____ day of _____, 1903, and made between the Government of the Commonwealth of Australia, by the Right Hon. Sir Edmund Barton, P.C., G.C.M.G., K.C., Prime Minister, and Minister for External Affairs of the said Commonwealth, for and on behalf of the said Government (hereinafter called "the Federal Government"), of the one part, and the Eastern Extension, Australasia, and China Telegraph Company (Limited), (hereinafter called "the Extension Company"), of the other part.

WHEREAS the telegraphic traffic between the States comprised in the Commonwealth of Australia (hereinafter called "the Commonwealth") and New Zealand, and New Caledonia on the one side, and Europe (and when transiting Europe all other countries beyond Europe) on the other side, to be transmitted in the terms of this agreement (hereinafter called "the Australasian traffic") is carried by the cables and telegraph lines of the Extension Company in connection with lines belonging to the Indo-European Telegraph Department of His Majesty's Indian Government,

the Eastern Telegraph Company (Limited), the Indo-European Telegraph Company (Limited), and the Eastern and South African Telegraph Company (Limited), (hereinafter called "the Cis-Indian Administrations"), and the lines and cables connected therewith.

And whereas the telegraphic traffic between the Commonwealth on the one side, and Europe (and when transiting Europe all other countries beyond Europe) on the other side, is hereinafter called "the Commonwealth traffic."

And whereas, in pursuance of the provisions of the Commonwealth of Australia Constitution Act, and of a Proclamation of the Governor-General of the Commonwealth, the Public Department of Posts, Telegraphs, and Telephones of each State comprised in the Commonwealth became transferred on the 1st day of March, 1901, to the Commonwealth.

And whereas the present rates for the transmission of the Commonwealth traffic are governed by the two agreements and the provisional arrangement next hereinafter mentioned, that is to say: (a.) An agreement dated the 14th day of April, 1900, and made between the Government of the State of South Australia (then called the Colony of South Australia) of the first part, the Government of the State of Western Australia (then called the Colony of Western Australia) of the second part, the Government of the State of Tasmania (then called the Colony of Tasmania) of the third part, and the Extension Company of the fourth part. (b.) An agreement dated the 16th day of January, 1901, and made between the Government of the State of New South Wales (then called the Colony of New South Wales) of the one part, and the Extension Company of the other part. (c.) A provisional arrangement made on behalf of the Federal Government with the Extension Company for applying to the other States of the Commonwealth the rates for transmission of telegraphic messages provided by the said recited agreements.

And whereas in pursuance of the said recited agreements and provisional arrangement the rates for Commonwealth traffic have been reduced and are now the rates set forth in Table A annexed hereto.

And whereas it is desirable that the provisions of the said recited agreements and provisional arrangement should, subject to the modifications hereinafter appearing, be combined in one agreement, which shall be in substitution for the said recited agreements and provisional arrangement.

And whereas the Extension Company, in co-operation with the Eastern Telegraph Company (Limited), have recently laid and are now operating a new cable between Durban, in the Colony of Natal, South Africa, and Australia, as provided by the said recited agreements (hereinafter called the "new cable").

And whereas at the date of the transfer of posts, telegraphs, and telephones to the Commonwealth as aforesaid divers other agreements were subsisting between the Extension Company and the States now comprised in the Commonwealth, or some of them, the benefits and obligations of which agreements thereupon passed to and were assumed by the Commonwealth, that is to say,—

(1.) An agreement, dated the 29th day of August, 1871, between the Governor of the Province of South Australia of the one part, and the British-Australian Telegraph Company (Limited), (thereinafter and hereinafter called "the company"), of the other part (which company has since been merged in the Extension Company, and the benefits and obligations of the now reciting agreement are now vested in the Extension Company): Whereby by Article 1 the company was empowered to lay down at any part of the coast at, in, or near the bay or port called Port Darwin, in the said province, the land end of a submarine cable, and to take possession of so much and such land not exceeding 6 acres at or within ten miles of the place selected for the landing of the said cable for station purposes as therein mentioned; and by Article 3 the company was, during the continuance of telegraphic communication, exempted from all provincial, local, and other taxes, rates, charges, and assessments within the said province, whether then existing or chargeable or thereafter to be charged, imposed, or created; and by Article 4 the Government of South Australia undertook to construct, complete, and open for traffic a line of telegraph wires between Port Darwin and Adelaide, and maintain the same as therein expressed; and by Article 6 the company undertook to lay down, complete, and open for traffic a line of telegraphic communication between Java or Singapore and Port Darwin, which was shortly thereafter completed.

(2.) An agreement, dated the 24th day of June, 1875, between the Governor of the Colony of New Zealand of the first part, the Governor of the Colony of New South Wales of the second part, and the Extension Company of the third part: Whereby by Article 2 the Extension Company was empowered to lay a submarine telegraph cable between New Zealand and Sydney, in the Colony of New South Wales, the terminal point on the coast of New Zealand to be at a point called Blind Bay or Golden Bay, and the terminal point at Sydney to be at the telegraph station there; by Article 6 the Governments respectively agreed to afford to the Extension Company all proper and reasonable facilities to enable the Extension Company to lay the said cable, and keep the same in repair, and to acquire any land necessary for their terminal stations in the said colonies, including a free grant of any Government land suitable for the purpose; by Articles 7 and 8 the Government of New South Wales agreed to afford to the company certain facilities for working the cable at Sydney; and by Articles 12 and 13 provision was made for the indication of route without charge, and limiting any terminal charge of the Government of New South Wales to the lowest ordinary rate.

(3.) An agreement, dated the 9th January, 1889, made between the Colonial Secretary of the Colony of Western Australia of the one part, and the Extension Company of the other part, whereby the Extension Company was empowered to lay down at any part of the coast at, in, or near the bay or port called Roebuck Bay or Broome, in the Colony of Western Australia, the land end of a submarine cable, and, subject to the restrictions therein mentioned, to take possession of so much land not exceeding 8 acres at or within ten miles of the place selected for landing the said cable as they might require for landing cable or station purposes.

(4.) An agreement, dated 14th March, 1889, between the Government of the Colony of Tasmania of the one part, and the Extension Company of the other part, which agreement is expressed to be supplemental to an agreement dated the 24th day of January, 1868, and made between the Tasmanian Government of the one part, and the Telegraph Construction and Maintenance Company (Limited) of the other part, the interest in which agreement last mentioned had

become vested in the Extension Company, whereby the exclusive right of telegraphic communication between the Colony of Victoria and the Colony of Tasmania and *vice versa* was granted to the Extension Company for a period of twenty years to commence from the 1st May, 1889, being the date of the expiry of the term of twenty years mentioned in the principal agreement; by Articles 2 and 3 a subsidy of £4,200 was granted to the Extension Company for the same term; by Article 5 power was reserved to the Tasmanian Government to make reductions of rates upon the conditions therein expressed, but the Tasmanian Government guaranteed to the Extension Company traffic receipts to an amount of not less than £5,600 per annum; and by Article 9 the Tasmanian Government confirmed the provisions of the principal agreement for giving to the Extension Company all reasonable facilities for working the traffic; and by Article 10 the Extension Company was exempted during the said current term of twenty years from customs duties, wharfage rates, port dues, and taxes, Parliamentary or otherwise, in the Colony of Tasmania.

(5.) An agreement, dated 11th May, 1894, by the Governor of New South Wales for the lease to the Extension Company for twenty years of a piece of land, situate at La Perouse, Sydney, for station purposes.

(6.) An agreement, dated 25th May, 1900, between the Government of South Australia and the Extension Company, whereby a piece of land containing 9 acres, situate at the Grange, South Australia, was granted to the Extension Company for station purposes.

(7.) A lease, dated 13th July, 1900, from the Administrator of the Colony of Western Australia to the Extension Company for ninety-nine years of two lots of land, containing together 10 acres 2 roods 28 perches, situate at Cottesloe, near Freemantle, in the Colony of Western Australia, for station purposes.

(8.) An agreement, dated 17th July, 1901, being a grant by the Government of South Australia to the Extension Company of land about 3½ acres in extent, situate near Jervois Bridge, on the Port Adelaide River, for station purposes, with a covenant by the said Government for the construction of a wharf and deepening of the channel of the said river as therein expressed.

And whereas, prior to the existence of the Commonwealth, a project was set on foot by the Governments of the United Kingdom, of Canada, and of certain of the then Australasian Governments for laying a cable, to be known as and herein referred to as "the Pacific cable," which cable has now been laid.

Now this indenture witnesseth, and it is hereby agreed and declared by and with the Commonwealth and its successors and the Extension Company their successors and assigns as follows, that is to say,—

(1.) As from the 1st day of September, 1902, the rates for the transmission of the Commonwealth traffic by the existing lines and cables of the Extension Company, including the new cable, and the apportionment of such rates on either cable, shall (subject to the provisions of clause 5 hereof) be the rates and apportionment specified in the schedule hereto, Table A.

(2.) In these presents and the schedule hereto by "Government telegrams" are meant political or administrative telegrams sent from or to His Majesty, and by His Majesty's Principal Secretary of State for the Colonies, or any Government Department in the United Kingdom, or the High Commissioner or respective Agents-General for the Commonwealth and the several States comprised in the Commonwealth, on the one hand, and by the Governors, Ministers, or any officer in charge of any Government Department of the Commonwealth and the several States comprised in the Commonwealth on the other hand, on matters relating to the public business of the Commonwealth and of the said States or any of them.

(3.) By "Press telegrams" are meant telegrams which conform to the Extension Company's Press regulations, and are addressed to any newspapers duly published in accordance with the respective laws relating to the publication of newspapers in force in the United Kingdom or the States or countries in which they are respectively published, and intended in good faith for publication in full in such newspapers, and shall include only such as are intelligible and written in English or other authorised language in plain language and without the use of cipher, code, groups of figures or letters or words of concealed meaning.

(4.) The Government of the Commonwealth shall, in respect of telegrams forming part of the Commonwealth traffic, be entitled to be paid out of the rates charged for transmitting the same the terminal charges specified in the said schedule hereto.

(5.) If on the 1st day of January, 1903, or on the 1st day of January in any subsequent year, the receipts of the Extension Company and the Cis-Indian Administrations from the Australasian traffic, after deducting outpayments charged by other Governments and Administrations, shall have averaged during the three previous consecutive calendar years a sum of £330,000 per annum, or any sum in excess of that amount, the rates for the transmission of the Commonwealth traffic to and from Europe *via* Singapore and Suez or Teheran, or *via* Cape Colony and St. Helena, shall be reduced to 2s. 6d. per word for ordinary telegrams, 1s. 4d. per word for Government telegrams, and 1s. per word for Press telegrams, which reduced rates and their apportionment are specified in the schedule hereto, Table B, and such rates respectively shall be considered in the respective cases in this clause defined to be the maximum rates for the time being for the purposes of this agreement.

(6.) Nothing herein or in the said schedule contained shall prevent the Extension Company from varying the apportionment of any rate, provided the total rate is not increased and the proportion payable to the Commonwealth is not reduced beyond the limits contained in the said schedule.

(7.) If and whenever the said rates are reduced in pursuance of clause 5, the terminal charges payable to the Commonwealth in respect of telegrams transmitted at such reduced rates shall be reduced according to the scale set forth in the said schedule hereto.

(8.) After any reduction in the rates for Commonwealth traffic and in the terminals shall have been made under clauses 5 and 7 hereof, or by the Extension Company or Cis-Indian Administrations of their own motion, the said rates and terminals shall not again be raised, except as provided in clause 9.

(9.) From and after the opening for traffic of the Pacific or any other competing cable, nothing in this agreement contained shall prejudice the right of the Extension Company and the Cis-Indian Administrations to at any time reduce their proportion of the rates for the Commonwealth traffic, including Government and Press telegrams, and at pleasure to raise them, subject to the maximum limits in each case fixed by this agreement.

(10.) In the event of the full rates for the Commonwealth traffic being at any time reduced by the Extension Company and the Cis-Indian Administrations, the charge per word for Government telegrams shall not exceed the full outpayments for the time being charged by Governments and Administrations, and one-half of the rate retained by the Extension Company and the Cis-Indian Administrations for their own use and benefit.

(11.) The Government of the Commonwealth shall, in respect of telegrams transiting the Commonwealth, and not forming part of the Commonwealth traffic, be entitled to be paid out of the rates charged for transmitting such telegrams the same sum as they would for the time being be entitled to receive had such telegrams formed part of the Commonwealth traffic.

(12.) The Extension Company shall, within three months from the expiration of the year 1902, and within a like period from the expiration of each subsequent calendar year, send to the Federal Government an account showing the receipts of the Extension Company and the Cis-Indian Administrations from Australasian traffic during such year after deducting outpayments charged by other Governments and Administrations; and such accounts shall, when required by the Federal Government, be verified by the production in London of the account-books of the Extension Company kept in respect of or relating in any way whatever to the Australasian traffic, and when so required by a statutory declaration made by the manager, secretary, traffic accountant, or other duly authorised officer of the Extension Company.

(13.) The Commonwealth shall have the right to use the Extension Company's cable from Glenelg to Fremantle at the rate of 5d. per word, such right only to arise in the event of the land lines not being in working-order, it being understood that precedence shall always be given to international traffic. The cable between Fremantle and Glenelg shall not, as long as the land lines between the States of Western Australia and South Australia shall be in working-order, be used to transmit inter-State telegrams not forming part of the international traffic.

(14.) The Commonwealth shall, so soon as the next following clause comes into force, provide and maintain in efficient working-order at its own expense for the transmission of the Australasian traffic special wires on the Government posts between Adelaide and Melbourne and between Adelaide and Sydney. The Commonwealth shall also, if and when the Extension Company's traffic (number of words) to and from Queensland shall during one calendar year have amounted to three times the Extension Company's traffic to and from Queensland during the year 1902, provide and thenceforth maintain in efficient working-order and at its own expense for the transmission of the Extension Company's traffic a special wire on the Government posts between Sydney and Brisbane. The said special wires shall be respectively connected with the offices of the Extension Company in the several cities where they terminate, and shall always be at the service of and be worked by the staff of the Extension Company. The charges therefor to be paid by the Extension Company to the Commonwealth shall be the terminal rates mentioned in the said schedule, and shall be reduced under that schedule as occasion shall arise on reduction by the Extension Company of their cable charges.

(15.) The Extension Company shall, on and after the opening for traffic of the Pacific cable or any other competing cable, be entitled to open local offices and to collect direct from and to deliver direct to the public in the cities of Perth, Adelaide, Melbourne, Sydney, Brisbane, and Hobart any telegrams forming part of the Australasian traffic, and shall pay to the Commonwealth the terminal rates specified in the said schedule in respect of all such messages so collected or delivered.

(16.) The Federal Government shall at all times afford to the Extension Company similar advantages and facilities to those (if any) afforded to any competing cable as regards uniformity of terminal rates by all routes.

(17.) The Australasian traffic shall be transmitted *via* the new cable or *via* Port Darwin as the exigencies of the traffic of the Extension Company may require, but traffic received *via* Port Darwin for transmission to places beyond Adelaide shall be handed to the Extension Company at Adelaide for such transmission so soon as the company have their own offices and special wires as provided for in clauses 14 and 15 hereof.

(18.) The net charges of the Extension Company and the Eastern Telegraph Company (Limited), after deduction of outpayments for telegrams between the Commonwealth and Durban or Cape Town, shall not exceed 2s.

(19.) The Commonwealth shall pay to the Extension Company such sums as will be sufficient to recoup—

- (1.) Any moneys which the Extension Company are required to pay in any part of the Commonwealth for Customs duties on goods of any kind of the Extension Company which are used solely for the purpose of the cable business of the Extension Company, or for laying, repairing, or working any of their cables, land lines, or cable-ships; and
- (2.) Any moneys which the Extension Company are required to pay in the States of New South Wales, South Australia, Western Australia, and Tasmania for—
 - (a.) Wharfage rates on all goods of any kind of the Extension Company used solely as aforesaid; or
 - (b.) Port or light dues in respect to any vessel used by the Extension Company for laying or repairing any cable, or any vessel belonging to or chartered by the Extension Company in which goods of any kind of the Extension Company used solely as aforesaid are carried; or
 - (c.) Any income-tax and any rates or taxes, parliamentary or otherwise, except rates and taxes on premises occupied as local offices for the purpose referred to in clause 15 hereof.

(20.) Subject to the consent of the Federal Government, nothing in this agreement contained shall prevent the Extension Company from closing their station at Roebuck Bay at any time hereafter and taking up the cable which lands at that place.

(21.) The Federal Government may, at any time after clause 15 is in operation, and so often as it pleases, appoint a confidential officer to peruse and inspect all telegrams received at the offices of the Extension Company within the Commonwealth, and all messages handed to the Extension Company at its said offices for transmission.

(22.) Notwithstanding anything contained in this agreement, the Extension Company shall, with respect to the treatment over their whole system of cables of telegrams originating in or destined for or passing in transit through the territories of the Commonwealth, observe the provisions of the International Telegraph Convention of St. Petersburg of the 10th–22nd July, 1875, and any Service Regulations which may for the time being be in force in relation to the Commonwealth under the said provisions, and the Extension Company shall be deemed to be bound by the said Convention and regulations as though the Extension Company had been a party to the said Convention.

(23.) The Extension Company will not sell, assign, or dispose of any of the cables of the Extension Company ordinarily used for the transmission of messages between the Commonwealth and the United Kingdom, or from one part of the Commonwealth to another, without first giving to the Government of the Commonwealth and of the United Kingdom, or either of them, the option of purchasing such cable or cables, and all property rights and privileges of the Extension Company in connection therewith, at a price which, if not mutually agreed upon, shall be fixed by arbitration.

(24.) This agreement is made subject to the approval of the Parliament of the Commonwealth of Australia, which may be evidenced either by Act of Parliament or by the passage of resolutions affirming this agreement in and by each House of the said Parliament, and shall take effect from the date on which such Bill shall have received the Royal assent or such resolutions shall have been adopted in the House which last affirms this agreement.

(25.) This agreement shall remain in force until the 31st day of October, 1913, and thenceforth until terminated by two calendar years' notice in writing by either party, such notice to expire at the end of some calendar year.

In witness whereof the Right Hon. Sir Edmund Barton, P.C., K.C.M.G., K.C., on behalf of the Government of the Commonwealth of Australia, has hereunto set his hand and seal, and the Extension Company has hereunto caused its common seal to be affixed, the day and year first above written.

Signed, sealed, and delivered by the above-named Right Hon. Sir Edmund Barton, P.C., G.C.M.G., K.C., on behalf of the Government of the Commonwealth of Australia, in the presence of—ATLEE HUNT.

EDMUND BARTON.

The common seal of the Eastern Extension, Australasia, and China Telegraph Company (Limited) was hereunto affixed in the presence of—

Director.
General Manager.

THE SCHEDULE.

TARIFF per WORD and APPORTIONMENT of Australasian Terminal Charges for Traffic exchanged between Australasia and Europe, or transiting Europe, on and after 1st September, 1902, and to come into operation upon further Reductions of Rates taking place under the Provisions of Article 5.

Table A.

	Ordinary.				Government. (British, Imperial, and Colonial.)				Press.			
	The Commonwealth.	Extension Company: Tasmania Cable.	Darwin, Roebuck Bay, Perth, or Adelaide and Europe.	TOTAL.	The Commonwealth.	Extension Company: Tasmania Cable.	Darwin, Roebuck Bay, Perth, or Adelaide and Europe.	TOTAL.	The Commonwealth.	Extension Company: Tasmania Cable.	Darwin, Roebuck Bay, Perth, or Adelaide and Europe.	TOTAL.
States of the Commonwealth (except Tasmania)	s. d. 0 5	s. d. ..	s. d. 2 7	s. d. 3 0	s. d. 0 4	s. d. ..	s. d. 1 3½*	s. d. 1 7½*	s. d. 0 2	s. d. ..	s. d. 0 10	s. d. 1 0
Tasmania	0 5	0 3	2 4	3 0	0 4	0 3	1 0½*	1 7½*	0 2	0 1½	0 8½	1 0

Table B.

	Ordinary.				Government. (British, Imperial, and Colonial.)				Press.			
	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.
States of the Commonwealth (except Tasmania)	0 4	..	2 2	2 6	0 3	..	1 1	1 4	0 2	..	0 10	1 0
Tasmania	0 4	0 3	1 11	2 6	0 3	0 3	0 10	1 4	0 2	0 1½	0 8½	1 0

* These rates came into operation for Government telegrams on 20th January, 1903.

No. 1.

Commonwealth of Australia, Department of External Affairs,
Melbourne, 1st June, 1903.

SIR,—

I have the honour to acknowledge the receipt of your letter of the 11th May, on the subject of the new agreement between the Government of the Commonwealth and the Eastern Extension Company.

May I say at the outset that I am disappointed at the contents of your letter. I hoped that you would attempt to show (1) in what way, other than the one it has adopted, the Commonwealth could have relieved itself of the virtually perpetual obligations of the contracts made with four of its component States which by the Constitution devolved upon the Federal Government; (2) in what way the Pacific cable is likely to be injured by the new agreement. You have, however, done neither of these things.

Your remarks respecting the unfairness of the action of New South Wales in making the agreement with the Eastern Extension Company are observed; but, without expressing any opinion as to the justice of your comments, I trust I may be permitted to say, in all courtesy, that to me they appear quite beside the question. What is done is done. It was impossible for the Commonwealth to repudiate the action already taken by New South Wales, and it must be regulated in its course not by what ought to have been done by individual States before its creation, but by what should be done in the position of affairs which it found in existence and unassailable.

When the Government of the Commonwealth assumed control of the Post Office, agreements were in force between the company and the States of New South Wales, South Australia, Tasmania, and Western Australia. These States, in consequence of the agreements mentioned, enjoyed lower rates than the other two, where similar agreements were not in force. The citizens of Victoria and Queensland were therefore compelled either to pay the additional rates demanded by the company or resort to the inconvenient method of forwarding messages to Sydney or Adelaide for despatch at the cheaper tariff, paying in addition the overland rates.

It was obvious that in the Commonwealth this state of things should not be allowed to exist longer than was absolutely necessary. The Commonwealth was obliged to assume the burden of the contracts then in existence, and the first problem that confronted this Government was how, consistently with its obligations under these contracts, it could secure uniformity of treatment to the citizens of Australia. The contracts could only be rescinded by mutual consent, and it is not to be supposed that the company would surrender its undoubted advantages without receiving some compensation.

The matter then became one for negotiation between the Government of the Commonwealth and the company. The objects of the Government during those negotiations were twofold—(1) to secure uniform treatment; (2) to set, if possible, a reasonable limit to the operation of the agreements which bound us. The negotiations were protracted and difficult, and it is the opinion of this Government that the result will be very satisfactory to the people of the Commonwealth, and of distinct advantage to the partners in the Pacific cable.

Your letter appears throughout to assume that in making these arrangements the Federal Government was ignorant, or, at any rate, unmindful, of the interests of the Pacific cable, and indeed you go so far as to say that any increased loss on that cable will fall upon Great Britain, Canada, and New Zealand. Surely I do not need to remind you that the Commonwealth is the largest shareholder in the Pacific cable, and that our interests are thrice as great as those of your own colony. It might perhaps have been considered that the Government of the Commonwealth were possessed of ordinary business instinct, and that they would not willingly incur responsibilities from which losses would accrue, the greatest portion of which would fall upon their own shoulders.

The Pacific cable is not for a day, but, it is to be hoped, for all time, and it is surely the province of those responsible for the administration of a country not to limit their views to momentary advantages, but rather to look ahead and proceed in such a manner that their actions will be of permanent benefit to the people whose servants they are. There can be no doubt that in reducing the term of the agreement to a reasonable period the Commonwealth has obtained for the Pacific cable a very great advantage; which cannot fail to be of immense and increasing value.

On the other hand, what has the company gained by this new agreement that it did not already have under the agreements with the States? Practically, only the right to open an office in Melbourne, and have the use of a direct wire to Adelaide, for it certainly is not intended by the company to take advantage of its right to open an office in Queensland.

I say nothing in this connection of other advantages which flow from the agreement, such as reduced rates to India and the East.

You state in the course of your letter that after careful inquiry you have ascertained that with the concessions proposed the company would be in a far better position to increase its business. I should have been glad if you had set out the nature of your inquiries and their results more definitely, for this Government is in possession of figures which show that for a period of three months, during which time the company were without offices, or a direct line in Victoria, but had the advantage of those facilities in New South Wales, the amount of business transacted by them was greater in Victoria than New South Wales. It is understood, of course, that the company was canvassing in both places.

It must have been obvious from the inception of the Pacific cable project that that undertaking would have to compete with the Eastern Extension Company for the business of Australia. It was presumed that the Pacific Cable Board would, in this matter of ordinary business competition, employ the methods usually adopted by commercial undertakings to attract the favour of the public,

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.”

I enclose herewith copy and report of proceedings in Canada. The fourth paragraph—in which I entirely agree—is as follows:—

“The report of the discussion in the Senate, and the telegrams which have passed between the Commonwealth and the Dominion, furnish painful reading, not only to every member of the League, but to hundreds of thousands who are not members. The matter in dispute affects the revenue derivable from the Pacific cable, but that is not the only consideration, important as it is. The financial question is trifling compared with the irritation and divergence of mind of the Governments of the people who have entered into partnership. The question is far wider than the losses or profits of a commercial enterprise. It is a matter which concerns the good faith and honour of closely related States; and the difficulty, if not removed by the influence of wise and generous counsels, may seriously affect the prospects of the British people and the future of the Empire as a whole. It may indeed be regarded as the beginning of a family quarrel, the outcome of which no one can foretell.”

I regret exceedingly that a misunderstanding should have arisen. I cannot believe that when New South Wales made the initial mistake, Mr. Crick, the Postmaster-General of the day, realised the full effect of what he was doing. The confidence of the other contracting parties was then shaken, but I think it is not yet too late to restore it. If, however, the Federal Parliament ratifies the proposed agreement the position will be made worse, and I sincerely hope that instead of doing so it will prefer to let matters remain as they are.

I have, &c.,

R. J. SEDDON.

The Right Honourable Sir Edmund Barton, P.C., G.C.M.G., Prime Minister of the Commonwealth, Melbourne.

Enclosure in No. 2.

BRITISH EMPIRE LEAGUE IN CANADA.

At the annual meeting of the League held in Ottawa, 19th May, 1903, Sir Sandford Fleming delivered the address and moved the resolution which follow:—

If the primary object of the British Empire League be to secure the permanent unity of the Empire—if it be desirable that this association should do everything possible to remove every hindrance to the most friendly feelings among the several units—if it be the aim of the Canadian Branch to promote close intercourse between the Dominion and the other British communities around the globe—the few brief words I propose to submit will not, I am convinced, be regarded as out of place.

The objects of this League received a great impulse when three Australian States, along with New Zealand, entered into an arrangement with Canada and the Mother-country to establish the Pacific cable. This union of interests was the first instance of organized co-operation between so many Governments under the same flag. It was an act of partnership between six Governments representing great British possessions in the two hemispheres—a partnership which was everywhere regarded as full of promise. But unfortunately a grave misunderstanding has arisen, which unless speedily nipped in the bud may imperil the good relations of the partners.

The misunderstanding was alluded to by the Honourable the Secretary of State, Mr. Scott, in the Senate on the 27th April, and an animated discussion is recorded in *Hansard* of that date. The unfortunate difficulty is further mentioned in papers laid before the Canadian Commons on the 14th instant by the Prime Minister. These papers are on the subject of concessions granted by Australia to the Eastern Extension Company.

The reports of the discussion in the Senate and the telegrams which have passed between the Commonwealth and the Dominion furnish painful reading not only to every member of the League, but to hundreds of thousands who are not members. The matter in dispute affects the revenue derivable from the Pacific cable; but that is not the only consideration, important as it is. The financial question is trifling compared with the irritation and divergence of mind of the Governments of the people who have entered into partnership. The question is far wider than the losses or profits of a commercial enterprise. It is a matter which concerns the good faith and honour of closely related States, and the difficulty, if not removed by the influence of wise and generous counsels, may seriously affect the prospects of the British people and the future of the Empire as a whole. It may indeed be regarded as the beginning of a family quarrel the outcome of which no one can foretell.

Much as the misunderstanding is to be deplored, it is the cause of rejoicing to the old enemy of the Pacific cable, if one may judge from Press reports of the attitude of the chief officials of the Eastern Extension Company at their annual meeting recently held in London. As the result of long plotting, that company have at length achieved a double victory. They have not only succeeded in taking from the Pacific cable its fair share of telegraph earnings, but they have managed by their machinations to get the owners of that undertaking at loggerheads. I do not

propose to trouble the meeting with a recital of the difficulty, or the manner in which the complication has been brought about. I shall only remark that it is idle for us in Canada to reflect on the course followed by the Australian Government. We are in entire ignorance here of the moving causes there. Australia and Canada regard the matter from entirely distinct standpoints, and we have little or no knowledge of the difficulties of the situation and the forces which have impelled the leaders of the Government of that country to take action which seems inexplicable to us. Under the circumstances of the case, we cannot with propriety charge the sister colonies with unfair dealing. We must uphold the honour of the British family of States, and banish from our thoughts any idea of intentional breach of faith or breach of contract on their part.

Mistakes may have been committed. According to our way of looking at the matter, a grievous mistake was made by the Government of New South Wales two weeks after the Pacific cable contract was signed, in granting certain concessions to the Eastern Extension Company; but we may well believe that it was done unwittingly, without any serious intention of injuring the undertaking or the interests of any of the partners. It may fairly be assumed that, had the consequence been foreseen, the Government of New South Wales would have hesitated before committing that State, and eventually the Commonwealth of Australia, to an act which cannot now be rescinded.

How the Government of the Commonwealth became involved in the difficulty is another question which has given the Premier, Sir Edmund Barton, and his colleagues much concern, but it is not at present necessary to discuss that matter. It is sufficient to know that a grave misunderstanding is the outcome, and I am quite sure all will recognise that the sooner the misunderstanding is brought to an end the better. The question which we may ask ourselves to-day is, How can the League serve Canada, serve Australia, serve the Empire, by seeking to remove the difficulty? In what way, and to what extent, can we inaugurate the blessed service of peacemaking?

I respectfully submit that a remedy is possible, but the circumstances demand prompt action. The most likely means of reaching a better understanding is for Canada to make an advance to Australia by appointing a Commissioner, preferably a Cabinet Minister, to proceed at once to the southern Commonwealth to confer fully and frankly with the Australian authorities on the whole subject. The Commissioner would learn on the spot, by direct contact with the leading men of all shades of opinion, much that could not be learned in any other way. As a delegate from Canada, he would be listened to with the utmost respect, and he would be able to assure the Australians that at no time has Canada been actuated by any narrow or unfriendly spirit—that her desire has always been, and now is, to cultivate the closest relations; that ever since the Colonial Conference of 1887, when the Pacific cable as a joint State enterprise received its first great impulse, Canada has been mainly moved by a patriotic and Imperial spirit.

The Commissioner will have it in his power to remind our southern friends and fellow-subjects that when Canada initiated the movement to establish the Pacific cable the lowest cost of telegraphing between any part of Australia and Europe was 9s. 4d. per word, and that the charge to-day is 3s. per word. Australians will not fail frankly to recognise that the saving to them of 6s. 4d. per word is in a great measure due to the persistent efforts of Canada. What does a saving of 6s. 4d. per word mean? According to the last returns of telegraph business which have reached Canada, the total number of words transmitted between Australia and Europe in 1901 was 2,330,515 words; and if this volume of traffic be reckoned at 6s. 4d. per word we have it demonstrated that there is an actual gain to Australia of not less than £737,850 annually.

This is the first result of the efforts of Canada to become connected telegraphically with Australia. The Commissioner will, of course, take some means of pointing out this. Nothing will appeal more forcibly to the intelligence of Australians than such a striking fact. As far as my personal observation goes, the people of Australia are much the same as the people of Canada; and I am quite sure that if the situation were reversed—if it could be shown that by any course of action Australia had in any degree been the means of contributing to our advantage to the extent of three and a half million dollars a year, Canada could only entertain the most kindly and grateful feelings towards Australia.

Let us then rest satisfied with the conviction that a Commissioner to our fellow-subjects in the south will have no difficulty in winning their confidence and friendship, and that any misunderstanding which now exists will be completely dispelled.

Some weeks ago the Canadian Government, on the suggestion of the Ottawa Board of Trade, asked the Governments of Australia and New Zealand to co-operate in an arrangement for the daily transmission of Press news free of charge for three months, or other short period. The arguments in favour of such a service are these: (1.) The Pacific cable was completed at the public expense for the public advantage. (2.) The cable so far has been lying idle in respect to Press news between Canada and Australia. (3.) It would add nothing to the working-expense of the cable to transmit daily in both directions, say, half a column of general news. (4.) Such a service would make known promptly in both countries the state of the markets, with all varying commercial conditions, and afford opportunities to business men to initiate trade operations. (5.) It would thus foster trade between the two countries, and the tendency would be to benefit the revenue of the cable eventually by stimulating the increase of ordinary messages. (6.) It would be a means by which the people of both countries would become familiar with each other's daily doings and habits of thought, and in this respect alone would greatly promote the general interests. (7.) Such a service, commenced experimentally, would create a demand in both countries for an interchange of intelligence, which would be met permanently in some form.

Admirable as is the proposal, I fear it came too late. The mischief had already been done in Australia. I venture to think that, had the free transmission of Press news commenced three months ago, the grave misunderstanding which has recently arisen would have been averted.

In moving the resolution that the Canadian Government be requested to consider the propriety of sending as a Commissioner to Australia a Cabinet Minister, or other person, to endeavour to bring all the partners in the Pacific cable to a mutually satisfactory understanding, I shall only say that if the resolution be carried and acted on I have no fear of the result. There has been a long struggle between the broad principle of State ownership in the means of postal and telegraph communication and the narrow interests of a powerful private monopoly—that is to say, there has been a prolonged conflict between public and private interests. The former gained a signal triumph when it was decided to lay the Pacific cable by the six Governments, but since that day the adversary has been rallying his forces, sapping the walls, and preparing for a final onslaught. I venture to think that there will be nothing to fear if we succeed in turning aside the present difficulty in Australia. At this juncture a wise Commissioner can remove all friction. He can do much more. He can submit to our fellow-subjects in Australia a solution to the problem which would benefit them far more than the Pacific cable already has done. That solution will be found set forth in Chapter ix. of Mr. George Johnson's new book, "The All-Red Line." In that chapter Dr. Morse ably discusses "Imperial Partnership in a Cable System." Before this young century is much older I make bold to think it will be generally regarded that Dr. Morse advocates the true and only remedy for any such difficulties as have been hatched—a remedy which will provide the means, based on interest and sentiment, of cementing enduring friendship between the Commonwealth and the Dominion.

The Commissioner from Canada sent on his mission of peace and good-will would carry with him the true remedy for all the difficulties which have been raised. He would have it in his power to offer a solution which would forever set at rest all such difficulties as have been caused by the private monopoly. I have pointed out that Canada has already done much service to Australia in saving her people an enormous annual expenditure in holding communication with the rest of the world. I am convinced that the new appeal from Canada will prove even more fruitful—that its effect would be greatly to benefit Australia financially, and materially promote Imperial unity.

Resolution unanimously adopted.

Moved by Sir Sandford Fleming; seconded by Mr. Archibald McGoun: "Resolved, That the Canadian Government be requested to consider the propriety of sending a Cabinet Minister or other person as a Commissioner to Australia to endeavour to bring the partners in the Pacific cable to a mutually satisfactory understanding with respect to its working and other matters relating thereto."

No. 3.

The Right Hon. Sir EDMUND BARTON to
Commonwealth of Australia, (Department of External Affairs),
Melbourne, 17th July, 1903.

SIR,—

I have the honour to acknowledge the receipt of your letter of the 29th June with reference to the new agreement between the Eastern Extension Company and this Government.

I observe that you have not been convinced by the arguments in my last letter, and I regret that you do not now, any more than in your previous communication, show—(1) in what way the Commonwealth could have removed the difficulties which it found existing on its inception; (2) (perhaps this is the more important) in what way the Pacific cable has been prejudiced by the action of this Government.

Your colleague's remarks have been read with interest. Sir Joseph Ward fully recognises the position of this Government in the concluding passage of his minute, and concurs in the view that, while the action of New South Wales may be regretted (which I must not be taken to admit), it is impossible by any means that are practicable to reverse the arrangements then made. If you concur with Sir Joseph, it is a little surprising that you continue to blame this Government.

May I refer you to a letter published in the English papers, and written by Sir John Cockburn. The concluding paragraph seems to me peculiarly applicable. In case you have not read it, I transcribe the passage referred to and enclose it herewith.

The remarks of Sir Sandford Fleming, of which he forwarded me a copy, have been perused with the attention and respect they deserve as the views of an old and ardent advocate of the Pacific cable; but I am quite unable to see how the proposed action of the Commonwealth, which must tend to the ultimate benefit of the Pacific cable, can occasion a difficulty of such far-reaching influence as he fears. The prospects of the British people, and the future of the Empire as a whole, will not, in my opinion, be affected, unless favourably, by proceedings which, in the only honourable way open to it, the Commonwealth is taking to remove what is said to be an impediment to the progress of the Pacific cable.

It is my intention to submit the agreement to Parliament at an early date for ratification.

I have, &c.,

EDMUND BARTON.

EXTRACT from Sir John Cockburn's Letter to the *Electrician*, dated the 29th May, 1903.

Governments when they go into business must be content to accept with equal mind the vicissitudes of profit and loss; and the Pacific combination can hardly complain of that wholesome competition which ostensibly it was established to promote, or legitimately claim a monopoly which it was intended to abolish.

CABLE from Sir EDMUND BARTON, Prime Minister of Commonwealth, to PREMIER, NEW ZEALAND.

30th July, 1903.

RESOLUTION passed House of Representatives yesterday, without division, confirming agreement with Eastern Extension Company. During course of discussion I undertook give Pacific cable same facilities and privileges as company has under section 19 of agreement. Provision already has been made for recouping payment Customs duties. Also undertook provide facilities as to public offices and special wires, if Board apply and if traffic warrants separate wires; but also strongly deprecated present terminal charges, on which I am making further representations. *Hansard* report by mail.

BARTON.

TELEGRAM from PREMIER of NEW ZEALAND to Sir EDMUND BARTON, Prime Minister of Commonwealth.

31st July, 1903.

REGRET to learn that agreement Eastern Extension Company confirmed. What cannot be cured, I presume, must be endured. Privileges you have undertaken give Pacific cable, if availed of, may in some degree lessen the injuries sustained by concessions granted Eastern Extension Company.

SEDDON, Premier.

APPENDIX.

TELEGRAPH CABLES (CORRESPONDENCE RELATING TO).

[Extracts from Parliamentary Paper F.—8 of 1898.]

No. 11.

Sir SANDFORD FLEMING to the Hon. the PREMIER, Wellington.

SIR,—

Ottawa, 3rd January, 1898.

I have the honour to transmit, for your information, a copy of a letter on the subject of the Pacific cable which I have addressed to Sir Wilfrid Laurier, Premier of Canada.

I have, &c.,

The Right Hon. R. J. Seddon, Premier of New Zealand.

SANDFORD FLEMING.

Enclosure in No. 11.

Sir SANDFORD FLEMING to Sir WILFRID LAURIER.

SIR,—

Ottawa, 28th December, 1897.

For some months past I have frequently been asked by writers of the Press to furnish information respecting the Pacific cable. I have been so applied to as it is well known that I have long felt the deepest interest in the project, having been appointed by the Canadian Government to take part in the Colonial Conferences of 1887 and 1894, and in the Imperial Committee of 1896. I have invariably declined to comply with the request from the feeling that it was distinctly understood that the proceedings of the investigation by the Imperial Committee should be treated as confidential until made public by Her Majesty's Government. I have in consequence felt debarred from alluding either to the evidence obtained by the Committee or to the conclusions submitted in their report, or in the special reports presented to the Canadian Government by the Canadian Commissioners and by myself.

These several documents were presented nearly twelve months ago; since then questions have arisen which were not considered by the Imperial Committee, and many important facts are also obtainable from other sources, explanations respecting all of which should, I conceive, be communicated to the public.

Since the Imperial Committee closed its investigation the Conference of colonial Premiers has been held in London. Among other matters the Pacific cable was brought before this Conference, and, from what has transpired, the subject was complicated by a new proposition having been submitted by the Eastern Extension Telegraph Company. Consequently, the consideration of the project was deferred. Six months have since elapsed, and I feel called upon to make known some facts and explanations bearing on the questions which, in my humble judgment, the public should understand. I trust you will approve of the information being given to the public in the form I have now to submit to you.

I have, &c.,

The Right Hon. Sir Wilfrid Laurier, Premier.

SANDFORD FLEMING.

Sub-enclosure to Enclosure in No. 11.

THE PACIFIC CABLE.

EVERYWHERE it is apparent that the British Empire is being formed by a process of growth and development, and there are many forces actively in operation, all tending to give it shape and strength and distinctive character. Lofty ideals are entertained by men of thought, experience, and patriotism; but the future is veiled from us, and we cannot foretell the precise form of relationship which will eventually be assumed by members of the British family of nations in so many meridians of longitude.

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If the form of the development to be attained is not clearly foreseen, it can at least be said that the entire British people in all parts of the globe are inspired by a unity of sentiment, and that they are simultaneously moving onwards in one general direction. Progress is the watchword in all quarters. It is impossible not to recognise the advancement perceptible in the colonies of the southern seas, and, equally, the amazing vitality in British Africa. The Dominion of Canada plays an important part in moulding the destiny of her own people and in promoting more intimate relationships between the Motherland and the colonies.

It is but thirty years since the scattered provinces of British North America became federated in one Government. The Dominion thus created inherited many remarkable advantages. It can lay claim to the most important geographical position, owing to its extension between the two great oceans, a position which confers the only means of establishing under the British flag communications between the eastern and western territories of the globe. It enjoys the possession of vast fields of the richest virgin soil, with still unexplored mineral regions of immense extent and presumably of immense value. The population retains the high qualities of the foremost nations of western Europe from which it has sprung, and the wide expanse of unoccupied areas leaves ample room for a large accession to its number. These rich possessions of the Dominion give promise, under wise guidance, of a splendid future.

It soon became evident that the development of a country continental in its extent exacted public works of corresponding magnitude. Lines of railway and telegraph were projected from ocean to ocean, and immediately after confederation both were proceeded with. In 1874 the policy of establishing the telegraph in advance of the railway was determined upon, and as a corollary to the trans-continental telegraph the proposal to extend the electric wire across the Pacific naturally followed. It can be said that ever since the telegraph reached the coast of British Columbia the Pacific cable has engaged public attention, and that the necessity of this undertaking has been repeatedly affirmed. It received recognition in the Conference of representative colonial statesmen in London in 1887, in that of Ottawa in 1894, at telegraph and postal conferences in Australasia almost annually, and at various times by chambers of commerce at Home and abroad.

The dominant idea with those who have most strongly advocated the establishment of a Pacific cable has been the unity of the Empire. They foresaw the difficulty of effecting any practical union between communities separated by distance so long as they remained without the means of direct and cheap communication. At the same time, it was plain to them that a telegraph across the ocean would foster trade and commerce—the life of an Empire such as ours.

Among the memorable gatherings of representative men not the least important was the Conference of Premiers in London on the occasion of Her Majesty's Diamond Jubilee. Before these statesmen met hopes had been entertained that some definite action would be determined for the inauguration of the scheme. Preparations had long been made for joint action. It was one of the chief objects set apart for special consideration at the Conference of the Imperial and Australasian Governments held at Ottawa in 1894. With this view the Canadian Government, agreeably to a resolution of the Conference, obtained much information on the subject, and transmitted it to all the Governments interested in the projected work. Soon afterwards the Secretary of State for the Colonies (Mr. Chamberlain) invited the Canadian and Australasian Governments to send representatives to London for the purpose of taking part in an Imperial Committee to be appointed specially to receive evidence and consider the project in every detail. The Committee first met on the 5th June, 1896, and on the 5th January, 1897, they reported the results of an exhaustive inquiry.

The proceedings of the Committee, and the conclusions which have been formed, have not been made public. They have been repeatedly asked for, but, as nothing transpired respecting the labours of the Committee up to the Jubilee week, the opinion gained ground that when the Conference was concluded full information would be given to the public, with the decision arrived at by the Imperial authorities and the colonial Premiers. In many quarters it was expected that action would on that occasion be taken, and that the inauguration of the cable would result as a practical outcome of the Queen's Jubilee.

The old proverb tells us that it is often the unexpected which comes to pass. The proceedings of the Conference of Premiers were first made known to the public by an article purporting to be published by authority in the *London Standard* of the 25th July, and the subject of the Pacific cable is thus alluded to: "The Conference left the Pacific-cable scheme in mid-air, and it is very unlikely that anything more will be heard of it for a considerable time. The position was entirely changed by a proposal by the Eastern Extension Telegraph Company to lay 'an all-British' line from Western Australia across the Indian Ocean to Mauritius, thence connecting with the Cape and St. Helena and Ascension. . . . The Eastern Extension Company, it is understood, does not ask for a direct subsidy for the new lines, but seeks other concessions from the Australasian Governments, which, if made, will justify them in proceeding with the work."

In the account of the Conference of Premiers laid before the British Parliament, there is a reference, in two sentences, to the cable. No mention, however, is made of any proposal having been submitted by the Eastern Extension Company. But the Premier of New South Wales (Mr. Reid) returned home from England through Canada, and, being interviewed by reporters in Montreal, Toronto, and Vancouver, confirmed the statement with respect to the proposal of the Eastern Extension Company. The character of the concessions asked by the company has not been made public, but it has been stated that they desire to obtain exclusive rights for Australia on condition that they connect the colonies with the Cape and lay a new cable from the Cape to England *via* St. Helena, Ascension Island, Sierra Leone or Bathurst, and Gibraltar. The scheme is put forward by the company as a substitute for the Pacific cable.

Owing to the fact that telegraphic connection with the Cape is at present extremely defective, the proposal of the company is undoubtedly of great importance to South Africa

There are two telegraphic routes from England to Cape Colony. Both have landing-stations at Lisbon, one passes through the Mediterranean to Alexandria, through Egypt to Suez, through the Red Sea to Aden, and from Aden the cable follows the east coast of Africa, touching, among other points, at Mozambique and Delagoa Bay in foreign territory. The other route leaves the first at Lisbon, and follows the west coast of Africa, touching at some fourteen points, eight of which are under foreign flags, those of Portugal, France, and Spain.

Interruptions are frequent on both routes. There is evidence to establish that during the past four years communication between England and the Cape has been broken many times, and that the aggregate interruptions have averaged in each year seventy-five days on the west coast route, and eighty-seven days on the east coast route, showing that each cable is unavailable from six to seven days per month. While this refers to the average period that the cables have been thrown out of use, the durations of single interruptions have varied from one to thirty or forty days. As both lines are liable to be broken at the same time serious inconveniences have not seldom resulted. Every one will remember this contingency occurring when the Transvaal difficulty was at its height. Intense anxiety was then caused during the cable interruption of eleven days, when South Africa was passing through an acute crisis in her history.

Obviously a new cable to the Cape is much required, and as the frequent interruptions to traffic by the two present routes is to a large extent owing to the fact that the cables are laid in the shallow water which prevails along the African coasts they are in consequence exposed to accidents to which cables in deep waters are not subjected. That part of the proposal to touch at St. Helena and Ascension, where the water is of ample depth, would give to the cable the necessary security and avoid the difficulties experienced on the present routes. It is, however, not so clear that the northern half of the new cable would be so fortunate. By landing at Sierra Leone or Bathurst, and Gibraltar, and terminating in Cornwall, the cable of necessity would be laid for some distance in shallow seas, where it would be exposed to injury from various causes, and where, too, the agent of an unfriendly nation, or, indeed, an evil-disposed fisherman, would have it in his power to destroy the cable with ease, totally unobserved. For hundreds of miles it would be exposed to such risks.

The question may be asked, Would not this proposed new cable from England to the Cape with an extension to Australia be of general advantage? To such a question there is but one answer. It certainly would be of general as well as special advantage, for the reason that we cannot have too many lines of communication. They are needed in the every-day business of trade and shipping, and, moreover, we must come to recognise that a complete telegraph system, ramifying wherever Her Majesty's wide domain extends, is an essential condition of the life and integrity of the British Empire. It is on this and on other grounds impossible to admit the claim of the Eastern Extension Company that the proposal submitted by them is preferable to a trans-Pacific cable, and that it will render it unnecessary.

At the Colonial Conference of 1894 the outline of a telegraph system for the Empire was submitted. It was not confined to one side of the globe; the system projected embraced and encircled its whole extent. The scheme was illustrated by a map of the world, with the chief cable lines laid down upon it. If the proceedings of the Conference be referred to, it will be seen that a trunk line of telegraph was projected from London through Canada to Australasia, with extensions to South Africa, India, and China. It was shown that by the Canadian route all the chief British possessions on the four continents would be brought into electric touch with each other and with the Imperial centre in London. It was demonstrated, moreover, that this result could be accomplished without touching a single acre of foreign soil, and without traversing shallow seas, where cables are most liable to injury from ships' anchors and other causes, and where they can be so easily fished up and destroyed. No fact can with greater confidence be affirmed than that the cables by the Canadian route would be far less vulnerable than the existing cables or those now projected by the Eastern Extension Company. But, even if no advantage in this respect could be claimed, it requires no argument to prove that telegraphic connection between England and Australasia would be infinitely less subject to interruption from accident or wilful injury by having the Canadian line established in addition to the Eastern Extension lines, especially as the former would be on the opposite side of the globe, and far removed from the immediate theatre of European complications.

It is not possible to believe that any one dissociated from and uninfluenced by the Eastern Extension Company can view the proposed Canadian Pacific cable with disfavour. If it be important to strengthen the connection between the United Kingdom and the outlying portions of the Empire, no one can question its necessity. But the Eastern Extension Company has never taken a friendly view of the Pacific cable. From the first it has been its determined opponent. The proceedings of the Colonial Conferences of 1887 and of 1894 gave evidence of this fact. The report on the mission to Australia by the Canadian delegates gives some indication of the intense and persistent antagonism displayed by the company and the manner in which its powerful influence has been employed to thwart the enterprise. It may not be an unwarranted surmise that the immediate purpose of the company in submitting to the Conference of Premiers their new proposal was to divert attention from the Pacific cable.

The Eastern Extension Company represents a combination of associated companies engaged in telegraph transmission between England and Australasia. The lines of the company comprise those of three amalgamated companies: (1.) The "British Indian Extension," from Madras to Singapore, with a share capital of £460,000. (2.) The "British Australian," from Singapore to Australia, with a share capital of £540,000. (3.) The "China Submarine," from Singapore to Hongkong and Shanghai, with a share capital of £525,000.

The combined share capital of these three companies amounted to £1,525,000. On their amalgamation the united share capital, by a well-known process of "watering" to the extent of

£472,500, was increased nominally to £1,997,500. The united company, since known as the Eastern Extension, Australasia, and China Telegraph Company (Limited), has been exceedingly prosperous; it has paid 7 per cent. on the enlarged capital, equal to 9 per cent. on the original capital. An examination of the published statements establishes that it has, in addition, expended out of the profits earned no less a sum than £1,571,540 on extensions and other productive works, and there remains unexpended and undivided to-day a reserve of surplus profits amounting to £304,193.

These figures establish that the Eastern Extension Company has become a remarkably profitable investment. It regularly pays good dividends, but the dividends are no guide to the profits made. It holds in reserve undivided profits far exceeding in amount the whole value of its cables between Asia and Australia. The accounts of the company for 1896 and the first half of 1897 show that the net profits actually earned during these periods amounted to 13 per cent. on the present capital, and 17 per cent. on the capital prior to its being watered.

The company is unwilling to have this state of affairs changed. They know perfectly well that the telegraphic traffic is steadily increasing, and that as the traffic grows the profits will become still greater. It is easy, therefore, to understand why the company has never viewed with friendly feeling the proposed Pacific cable. Its managers are not willing to divide the business with the new line. They must retain it entirely in their possession. They have secured a rich monopoly, and their desire is to make it even more profitable and to strengthen and perpetuate it.

The Pacific cable has been projected in no spirit of hostility to any company or to any country. It has been advocated as a means of extending to the whole Empire the advantages derivable from the geographical position of the Dominion. Canada offers the connecting link in an Imperial chain of telegraphs encircling the globe. When the project is completed it will bring the Mother-country into direct electrical connection with every one of the great possessions of the Crown in both hemispheres without touching the soil of any foreign Power. Thus, it cannot fail in a high degree to promote Imperial unity. Indeed, it is difficult to conceive how a perfect union, or any union of the whole, is possible without union between the parts. The whole Empire is in strong sympathy with the aims and aspirations which a few years back were limited to a few men of advanced thought. The historical event of last June has shown to the world that "the British people are one people animated by one spirit." It is recognised that we are approaching the period when new relations may be established between the United Kingdom and those younger British communities beyond the seas, known in past history as colonies, but which are passing from colonial tutelage to a higher national status. In order to promote these closer relations, what is more desirable, what more necessary, than that each and all be connected by the appliances which art and science have devised? Canada stands first among the British communities of the outer Empire. Scarcely second to Canada we look forward, in no long period, to welcome the kindred Dominion of Australia comprising under one federal Government half a dozen colonies, each possessing great potentialities. What more in harmony with the spirit of the British people than that Canada and Australia be brought into close communion? Is it not indispensable to vital public interest that those two great units of the Empire—the island continent in the South Pacific and British North America—should possess the means of instantaneous communication one with the other?

The proposition of the Eastern Extension Company submitted to the Conference of Premiers has no such purpose in view. Its object is, indeed, the very opposite. While the consolidation of the Empire demands that the Queen's subjects in Canada and Australasia shall possess all the advantages which the closest telegraphic connection can effect, the policy which animates that company would cause these communities to remain severed? Is such a policy to be commended? Does not the Eastern Extension Company when persistently exercising its manifold and widely ramified influence to keep Canada and Australia disunited assume an attitude of hostility to both countries and to Imperial unity?

In the interests of the Eastern Extension Company the Pacific cable has been declared to be impracticable; its cost has been greatly exaggerated; it has been denounced as a work which could not be maintained without burdensome subsidies; it has been stigmatized as inimical to telegraphy and trade; and it has been decried and misrepresented in every possible manner. The explanation is to be found in the fact that the company is unwilling to relinquish its monopoly and to rest satisfied in the future with a reasonable return for capital invested. On this point the writer is tempted to quote a single paragraph from his address at the Colonial Conference of 1894 as given in the Proceedings (page 85): "The progress and well-being of Canada, Australia, and the Empire cannot be retarded in order that the lucrative business of a private company may remain unchanged. Even if the chairman of the Eastern Extension Company succeeded in converting us to his commercial ethics—that the profits of the monopoly he represents must be maintained inviolate—it does not follow that the project of a Pacific cable would not be carried out in some form, even if Canada and Australasia abandoned it. There are, indeed, unmistakable signs that a Pacific cable may shortly be carried out by France and the United States. We all know that France has already completed a section of eight hundred miles at the southern end, and the United States has recently expended \$25,000 in making an elaborate survey of about one-third the whole distance from San Francisco (to the Hawaiian Islands). With a rival line in foreign hands it is easy to see that the Eastern Extension would gain nothing, while the Empire would lose much."

With respect to the objections raised by the Eastern Extension Company, they have been completely refuted. The very best evidence shows beyond all question that the project is perfectly feasible; that the cable should be established as a State work; that so established the revenue from business obtainable will be ample to meet every charge, including working-expenses, maintenance, renewal, interest on cost and sinking fund to replace capital; that, in fact, the cable can be established in the most satisfactory manner, and that all its advantages can be attained without any

cost whatever to the taxpayer. That the prospects are of this character is attributable to these facts, viz.: (1.) As a State work the capital employed would be obtained at the lowest possible rate of interest. (2.) The capital would be limited to the necessities of actual expenditure in establishing the work; there would be no possibility of enlarging the capital account by adding "promotion expenses," "or by "watering stock," in any form. (3.) No dividend would require to be declared, or bonus paid. Revenue would only have to meet ordinary charges, including interest on the actual cost at a low rate, possibly $2\frac{1}{2}$ per cent. (4.) Remunerative traffic, which would be controlled by the Australasian Governments, already exists. (5.) Such traffic is continually growing, and it is difficult to assign a limit to its growth. (6.) The facilities created and the reduced charges would open up a new and profitable business across the Pacific, which would be subject to the new line.

Such being the case, the question may be asked, Is there any reason other than the opposition of the Eastern Extension Company why the establishment of this important national work should be further delayed? It must be admitted that the Pacific cable in operation would put an end to the monopoly of the Eastern Extension Company and diminish the immense profits it enjoys. As, however, less than half the whole traffic would prove remunerative to the Pacific cable, there would remain ample business to the company to yield a good return for the capital invested.

In the memorandum laid before the House of Commons last July by the Secretary of State for the Colonies it is distinctly indicated that, while the Home Government is willing to co-operate with Canada and the Australian Colonies, the Imperial authorities are unable to see the way to take the initiative, and that they "now await definite proposals from the colonies interested before proceeding further in the matter." It unfortunately happens that the Australasian Colonies remain under the disadvantage of being disunited politically, and they are not all equally in favour of the Pacific cable, Western Australia and South Australia being somewhat in sympathy with the Eastern Extension Company. New Zealand, New South Wales, Queensland, and Victoria desire to have the cable laid on the Canadian route. As the traffic to make it a profitable undertaking would have its source chiefly in these colonies, and, moreover, the land-lines within each colony are owned by each respective Government, they have it in their power to control the trans-Pacific telegraphic traffic to the extent required to make the cable a profitable undertaking.

At this distance it is not easy to understand why these four colonies do not agree to take some definite line of action. It is now close on six months since the Premiers met in London, and, as far as known, they have not seen their way to agree on any joint proposal, owing doubtless to unexplained local difficulties.

Under these circumstances it is not improper to consider if there be any duty or obligation resting on us in Canada. The Dominion is now looked up to as the elder brother in the British family of kindred nationalities. If as Canadians we have faith in our destiny as no inconsiderable element of the great Empire, are we not called upon again to take the initiative? The Mother-country awaits a proposal. It cannot well come from disunited Australasia. If we are to be brought within speaking-distance of the kindred communities in the southern seas the first impulse must come from ourselves. Shall the opportunity which circumstances have presented be seized and another proof given to the world that "the Canadian Government and people are determined in all ways to promote Imperial unity?"

SANDFORD FLEMING.

No. 17.

The SECRETARY, Dunedin Chamber of Commerce, to the Hon. the POSTMASTER-GENERAL.

SIR,—

Dunedin Chamber of Commerce, Dunedin, 11th March, 1898.

I have the honour, by direction of my committee, to address you on the subject of the establishment of cable communication with Great Britain *via* the Pacific and Canada. This Chamber has some time since expressed its opinion in favour of such a movement, and my committee desire now to reaffirm that opinion, and, further, that the time has now come for some definite action in the direction indicated. The reasons for the general desire for this cable on the part of the mercantile communities of the colonies have been so often stated that they need not be repeated, but the proposals for another cable service *via* the Cape of Good Hope and Mauritius, which are now being made, render it important that action as to the Pacific route should be pressed forward.

I have, &c.,

S. C. LEARY, Secretary.

The Hon. the Postmaster-General, Wellington.

No. 20.

The Hon. the PREMIER, Adelaide, to the Hon. the PREMIER, Wellington.

(Telegram.)

Adelaide, 28th March, 1898.

HAVE received the following cablegram from our Agent-General: "Have received official letter from Chairman of Cape Committee stating he authorised by Chancellor Exchequer to inform me it is not the intention of Her Majesty's Government to take any part in any scheme for laying a cable across the Pacific. After this clear intimation will Eastern colonies subsidise the Cape route, or must I inform committee they still decline to co-operate in the Cape project, which strategic advocates of British Government consider of great importance for defence of Empire? Reply as soon as you can.—PLAYFORD."

No. 23.

The PRESIDENT of the Hobart Conference to the Hon. the POSTMASTER-GENERAL, Wellington.

(Telegram.)

Hobart, 5th April, 1898.

CONFERENCE closed. In absence satisfactory proposal Eastern Extension alternative cable *via* Africa unable to make fresh arrangements with company. Conference opinion Pacific-cable project should be consummated soon as possible. Governments of colonies requested represent to Imperial and Dominion Governments this opinion, with proposal Premiers' Conference Britain and Canada one-third each, colonies other third.

No. 24.

The Hon. the PREMIER, Wellington, to the Hon. the PREMIER, Adelaide.

(Telegram.)

Wellington, 7th April, 1898.

PACIFIC cable: I much regret Imperial authorities have decided not to render financial assistance to Pacific cable. This Government does not intend taking any action *re* Cape project.

No. 27.

The Hon. the PREMIER to the AGENT-GENERAL.

SIR,—

Premier's Office, Wellington, 11th May, 1898.

I have the honour to forward you a copy of the resolutions adopted at the recent Hobart Postal and Telegraph Conference in reference to the Pacific-cable question and the alternative proposals of the Eastern Extension Telegraph Company for laying a cable between the Cape of Good Hope and Western Australia [see F.-3, 1898, p. 7]. and to request you to be so good as to bring the resolutions under the notice of the Colonial Office, with a strong expression of opinion from the Government of its earnest desire to see the Pacific-cable project adopted jointly by Great Britain, Canada, and the Australian Colonies on the basis indicated in the second resolution.

Although the Imperial Government appears to have announced recently that it is not now disposed to support the Pacific-cable scheme, as for strategic reasons it favours the later proposals for a Cape of Good Hope–Western Australian cable, I am yet hopeful that the resolutions of the Hobart Conference may have such weight with the Imperial authorities as will induce them to reconsider the whole question and to assist the colonies in establishing cable-communication between Great Britain and Australasia by way of the Pacific and Canada in the general interests of commerce.

You have already been advised that the counter-proposals of the Eastern Extension Telegraph Company are not favoured by this Government.

I have written in similar terms to the Premier of Canada.

The Hon. W. P. Reeves,
Agent-General for New Zealand, London.

I have, &c.,
R. J. SEDDON.

No. 30.

The Hon. the PREMIER and COLONIAL TREASURER, Sydney, to the Hon. the PREMIER, Wellington.

(Telegram.)

Sydney, 19th November, 1897.

COMMITTEE on proposals *re* additional telegraphic communication between Great Britain and Australia suggests that Secretary of State for the Colonies be asked to sanction representation of Australia by two gentlemen instead of one, as interests of eastern and western portions of Australia are not in all respects identical; also, that Mr. Playfair and Sir Daniel Cooper be appointed Australian representatives, with instructions that they shall in no way bind colonies to any proposal that may be submitted. Do you concur? Am telegraphing, also, to Premiers of Victoria, Queensland, South Australia, Western Australia, and Tasmania.

No. 31.

The Hon. the PREMIER, Wellington, to the Hon. the PREMIER, Sydney.

(Telegram.)

Wellington, 20th November, 1897.

AFTER careful consideration Government have decided to take no action direction suggested by Committee on proposals *re* additional telegraphic communication between Great Britain and Australia. Look upon scheme as being counter to Pacific-cable movement. Prefer to await Canada's decision *re* Pacific cable.

No. 32.

The MANAGER in AUSTRALASIA, Eastern Extension, Australasia, and China Telegraph Company (Limited), Melbourne, to the Hon. the PREMIER, Wellington.

The Eastern Extension, Australasia, and China Telegraph Company (Limited),
Melbourne, 24th February, 1898.

SIR,— As you are aware, the Eastern and Associated Cable Companies have submitted proposals for laying an "all-British" cable to Australia *via* Cape Colony, and that a Committee representing the Imperial Government, India, Cape Colony, and the several Australian Governments has been appointed to consider this and other cable projects.

The basis of the extension of this cable from the Cape to Perth is upon the renewal of the present duplicate-cable subsidy of £32,400 per annum for a period of ten years.

In view, however, of the widespread dissatisfaction and feeling of insecurity with the present long Australian land-lines, and the numerous complaints that have been lodged both in London and the colonies of the serious delays in transmission of messages, and the frequent interruptions, which, it is stated, have caused great inconvenience and loss to the telegraphing public, I have the honour to inform you that my directors have instructed me to intimate to the several Australian Governments that "the Eastern Extension Telegraph Company, with the view of making more complete the proposed 'all-British' cable service between England and Australia, is prepared, at its own expense, to extend the proposed Cape cable to Albany, and thence lay, work, and maintain a cable to Glenelg (Adelaide), or thereabouts, provided the Australian Governments will continue the existing subsidy of £32,400 per annum for twenty years. This would increase the length of the Cape cable by nearly 1,500 knots, involving the company in an additional outlay of at least £200,000, which they are prepared to incur for the purpose of establishing a quick and reliable cable service between the Mother-country and the Australian Colonies."

I may state that the object of selecting Glenelg or thereabouts for the landing-point is that Adelaide may continue to be the junction or distributing-point for the international traffic, and I have no doubt a satisfactory arrangement could be arrived at for the transmission of intercolonial telegrams between Adelaide and Albany whenever the land-lines are interrupted.

The Right Hon. R. J. Seddon, P.C.,
Premier of New Zealand, Wellington.

I have, &c.,
W. WARREN,
Manager in Australasia.

No. 33.

The MANAGER in AUSTRALASIA, Eastern Extension, Australasia, and China Telegraph Company (Limited), Melbourne, to the Hon. the PREMIER, Wellington.

The Eastern Extension, Australasia, and China Telegraph Company (Limited),
Melbourne, 3rd March, 1898.

SIR,— As there appears to be an impression that my company, in submitting an offer to provide an "all-British" cable service between England and Australasia *via* the Cape, is asking for a preferential right against competition, I have the honour to state, for your information, that this is quite an erroneous one, as all they wish, or ask for, is to have the first refusal to supply further cables when necessary to meet the public requirements in the regions already served by them with cable communication, and which, I may state, was agreed to by the British and Australasian Governments prior to the laying of the Singapore-Hongkong cable in 1894.

The Right Hon. R. J. Seddon, P.C.,
Premier of New Zealand, Wellington.

I have, &c.,
W. WARREN,
Manager in Australasia.

No. 34.

The SECRETARY, General Post Office, Wellington, to the MANAGER in AUSTRALASIA of the Eastern Extension, Australasia, and China Telegraph Company (Limited), Melbourne.

SIR,— General Post Office, Wellington, 15th March, 1898.

I have the honour, by direction, to acknowledge the receipt of your letter of the 24th ultimo to the Right Hon. Mr. Seddon, referring to the proposed cable from England to Australia by way of Cape Colony, and submitting proposals for its continuation to South Australia.

In reply, I am directed to express regret that this colony is not prepared to contribute towards such an undertaking.

Also, in reply to your further letter of the 3rd instant, Mr. Seddon desires me to convey his appreciation of the intimation that your company in offering to provide an "all-British" cable service between England and Australasia is not seeking preferential rights against competition, but only a first refusal to supply further cables in regions already served by the company.

The Manager in Australasia, Eastern Extension,
Australasia, and China Telegraph Company (Limited), Melbourne.

I have, &c.,
W. GRAY,
Secretary.

[Extracts from Parliamentary Paper F.—8 of 1899.]

No. 34.

The Hon. AUDLEY COOTE, Sydney, to the Hon. the POSTMASTER-GENERAL, Wellington.

SIR,—

Waverley Park, Sydney, 11th January, 1899.

Referring to my previous communication dated 19th May last [No. 1, F.—8A, 1898], I have now the honour to bring under your notice some other articles which appeared in the *Electrical Review* of the 23rd and 30th September and 14th October last year, under the title "Side-lights on Cable Routes." I enclose herewith reprints of the articles in question.

I have, &c.,

The Hon. the Postmaster-General, Wellington.

AUDLEY COOTE.

Enclosure 1 in No. 34.

[Reprinted from the *Electrical Review* of the 23rd and 30th September, 1898.]

SIDE-LIGHTS ON CABLE ROUTES.

As a study of what we may fairly enough call an unsuccessful intrigue, we commend to the attention of our readers a report printed in June last by order of the Speaker of the Cape of Good Hope Parliament, headed "Copies of communications that have passed between the Government of Cape Colony, the Imperial Government, and the Eastern Telegraph Company, on the subject of a deep-sea cable *via* the Cape, with extension to Australia." The frank audacity of some of the proposals advanced by the Eastern Telegraph Company and its backers would come as an amusing relief in the perusal of these letters were it only new, but for those who have any knowledge of the methods by which in the East and in Australasia these companies have gradually acquired their present monopoly, the freshness of the style has altogether disappeared.

To lay the matter clearly before those who may not care to wade through these letters, we may state shortly that they refer to certain proposals made by the Eastern, Eastern Extension, and Eastern and South African Telegraph Companies, to the Imperial Government, and to the Governments of Cape Colony and of the Australian Colonies. Of these cable companies, the Eastern and the Eastern and South African are practically one in all but name, and are both under the able management of Mr. J. Denison Pender, who is also a director of the Eastern Extension Telegraph Company, the interests of which are most closely allied with those of the other two companies, the Marquis of Tweeddale being chairman of this as well as of the Eastern Company. The community of interests above indicated obviously calls for joint action in cases of need. Now, for some years past (since about the time of the Transvaal difficulty), the telegraph-lines to the Cape and South Africa generally have given much trouble and caused much dissatisfaction, owing to the frequent breakages; these lines run along both the east and west coasts of Africa, the Eastern and South African owning all those on the east and a portion of those on the west coast. This company, therefore, suffers both in purse and credit, owing to the frequent interruptions, which, besides, might possibly make the laying of an opposition cable necessary, thus entailing serious competition, reduced rates, and consequent loss. Such a position clearly requires remedy. The allied Eastern Extension Company also is not free from the serious danger of competition, should a cable over which they have no control be laid between Australia and Canada. This also requires attention. The papers now published by the Cape of Good Hope Parliament expose the manner in which the combined companies hope to find relief from the troubles above indicated, but not at their own expense.

About the beginning of this year frequent reference was made in the Press, many paragraphs appeared concerning an "all-British" cable to Australia, *via* the Cape, and touching at various places *en route*, which, in return for "certain privileges," would be laid by the companies above mentioned. The nature of these privileges is given in a letter dated the 22nd March, 1897, addressed by Mr. J. Denison Pender to the Chancellor of the Exchequer. In this letter, after referring to the demand for "additional telegraphic communication between Great Britain and the Australasian Colonies, quite independent of the Mediterranean route," Mr. Pender proposes that the combined companies should provide "cables between England, the Cape, and Australia, touching only at Gibraltar, Sierra Leone, Ascension, St. Helena, Durban, Mauritius, Rodriguez, and Cocos." In consideration of the above, the "privileges" asked for are the following: £25,000 annually for twenty years from the Imperial Government; an extension by the Australasian Governments, for at least ten years, of the annual £32,400, which they have been paying to the Eastern Extension Company for the last nineteen years; also a present of a double-wire land-line (about one thousand miles long) between Cape Town and Durban from the Governments of Cape Colony and Natal, a land-line which, as the Postmaster-General of Cape Colony points out, is equal to a perpetual subsidy of £12,000 per annum. An underground land-line service from London to Cornwall is also to be provided: this will cost the Imperial Government at least £50,000. In addition to the above, it is stipulated that an annual subsidy of £32,000 for twenty years shall be paid if a branch cable be laid from the Seychelles to Ceylon, touching at Diego Garcia on the way.* The financial side of the proposal having been set forth, Mr. Pender asks for an "undertaking by the

* We hear that the cable between Mauritius and the Seychelles Islands, for the laying of which the Eastern and South African Telegraph Company is receiving a large annual subsidy from the Imperial and Indian Governments, is at present totally interrupted.

Governments concerned that, for a fixed period, they will not subsidise any opposition line connecting any of the places served at present by the associated companies. On their side, the companies undertake to increase their cables whenever necessary to meet public requirements. This principle was to some extent, formally recognised by the Imperial Government, with the approval of the Australasian Colonies, when the Eastern Extension Company's Singapore-Labuan-Hongkong cable was laid in 1894." The qualifying words, "to some extent," are very much needed here, as Article 7 in the agreement between Lord Ripon (then Secretary of State for the Colonies) and the Eastern Extension, &c., Company, concerning the Singapore-Labuan-Hongkong cable runs as follows: "Nothing in this agreement shall affect the right of Her Majesty's Government to grant to the Government of the Dominion of Canada, or of any colony in Australia, permission to lay, or cause to be laid, a submarine telegraph-cable connecting Hongkong with Canada or with Australia, provided such connection with Canada or Australia be completed within five years from the date of this agreement, after which date the exception in this article mentioned shall become null and void."

In Article 4, Her Majesty's Government reserve the right to permit the laying of cables by others, if "such new cables should, in the opinion of Her Majesty's Government, be found necessary in the public interest of Great Britain, Hongkong, the Straits Settlements, or Labuan, or in the general interests of international telegraphic communication."

These quotations, as well as the fact that no subsidy is mentioned in the Singapore-Labuan-Hongkong cable agreement, show that it is always well to verify references.

This attempt to confirm the existing monopoly of the allied companies would, of course, if successful, have the effect of relieving both the Eastern and South African and the Eastern Extension Companies from the awkward position in which they at present find themselves. The Eastern and South African Company would be provided—at Government cost—with an efficient service to the Cape and Natal, and would also be freed from the danger of a competing cable. The Eastern Extension Company would no longer have to count with a competing cable from Canada to Australia, and would, besides becoming independent of the rickety land-lines across Australia, also insure the continuance of the colonial subsidy of £32,400 annually, which would otherwise lapse next year. The suggested method of securing a monopoly, although sufficiently efficacious, and reaching the limits of any demand to which England could by any possibility accede, is not so thorough as that adopted by these allied companies in their dealings with other countries. For instance, to secure their interests in China against a competing American cable from San Francisco *via* Honolulu and the Spanish islands in the Pacific, the Eastern Extension Company, in return for providing an efficient service to Manila from Hongkong (by moving their cable direct into town), exact from Spain a prolongation for twenty years of an absolutely exclusive right to lay cables from Manila to Hongkong, besides the landing rights on all the Spanish possessions in the Pacific. These rights, owing to the result of the war, are probably now of no value.

To turn again to the letters relating to the proposals of the allied companies, we find that, under date of 12th November, 1897, to the Chancellor of the Exchequer, the Marquis of Tweeddale repeats in a modified form that portion of Mr. Pender's letter which relates to carrying the cable from Gibraltar to Cape Town (the subsidy figuring at £20,000 per annum), also the request for land-lines from London to Cornwall. The clause intended to shut out competition also recurs, but, as regards the line to Australia, Lord Tweeddale writes:—

"This proposal, if approved, would leave for after-arrangement the continuation of the cables from South Africa to West Australia, and, in the meantime, would provide the best alternative means of strengthening cable-communication with our African colonies by a cable landing throughout on British territory only, as well as placing the important islands of Ascension and St. Helena in telegraphic communication with Great Britain.

"The triplication of cable communication with South Africa has been decided upon, not on account of any abnormal development of traffic, but because it has always been the policy of these companies to insure the maintenance of communication between all points in their system, more especially between Great Britain and her important colonies; and, although it is improbable that with two lines of communication between South Africa and Great Britain the telegraph-service between these places would ever be totally interrupted for a long period, yet it is considered that with three lines of communication the fear of total interruption would be entirely removed."

The extension from the Cape to Australia is thus shelved for a time. The admission that for satisfactory telegraph service a third line is requisite quite justifies the opinion expressed in a letter of the 22nd March last from the Postmaster-General of Cape Colony, who says, "I would wish to remark that, in my opinion, no subsidy should be given by the Cape in connection with the revised scheme, as the traffic receipts at the present time appear to warrant the laying of an additional cable on commercial grounds alone, without the aid of a subsidy from the Cape, or Natal, or any State or colony in South Africa. At all events, if the Eastern Company does not lay a third cable, it will be worth while for some other company to do so, and this would lead to competition in rates, which would undoubtedly be beneficial to South Africa." The opinion thus expressed by Mr. French in this letter is justified by the information given in his note attached to a telegram from the Agent-General of the Cape to Sir Gordon Sprigg, under date the 9th March, from which we quote: "I have not as yet been able to obtain reliable information as to the total value of the South African cable traffic during the year 1897, but, although it will not probably (owing to the depression in the Transvaal) reach the very high total of £300,000 attained in 1896, I have little doubt that it will exceed considerably the limit of £180,000 fixed by the late Sir John Pender as a paying revenue for the existing cables." Mr. French, in his note, also protests against giving a practical monopoly to the Eastern Company, by which they would be in a position to refuse that reduction of the present rates, which will be expected from the company in the near future.

From the evidence given above, and from the notoriously unsatisfactory condition of the lines to the Cape, it seems clear that the Eastern and South African Company and its friends have a duty incumbent on them, not only to provide a third cable, but also to provide it for their own safety, free of subsidy or conditions. The gains from the cable traffic, as pointed out by Mr. French, are more than sufficient to warrant this, and as the only possible alternative route for such a cable is *via* Ascension and St. Helena, it is monstrous that these companies should call on Her Majesty's Government for assistance in carrying out a work which their own commercial interests absolutely require.

That these companies are not justified in the claim which they make for State assistance, the following figures will prove up to the hilt. Apart from the revenue derived from traffic, and to which Mr. French makes allusion, the Eastern and South African Company already receives, almost entirely from British sources, subsidies amounting to £88,000 per annum. The African Direct and West African Telegraph Companies, in which the allied companies are large shareholders, draw from the British and various other Governments annual subsidies amounting to about £65,000. Thus, altogether, the total at present paid in subsidies to the African cable ring amounts to more than £150,000 yearly; and they have already received in this way, quite apart from their traffic earnings, a sum exceeding £2,000,000.

We do not include here the Eastern Extension Company, which we propose to deal with in a future article, but will only remark that this partner in the scheme we have here exposed has, during its existence, drawn well over £1,000,000 in subsidies, besides having a reserve fund of more than £800,000 in hand.

That the proposals made by these allied companies were even thought worthy of consideration by a Departmental Committee, appointed by the Treasury, proves nothing beyond the influence which they possess in official circles. We are glad to notice that in the draft instructions to this Committee the following occurs: "The Committee will understand that in no case can an unqualified guarantee against subsidised competition be given."

After the collapse of that part of the scheme which entailed a prolongation of the cable from the Cape to Australia, the Agent-General, in a telegram to the Premier of Cape Colony, asks: "If all-British cable stops at Cape, and proceeds no further, what contribution or subsidy are you prepared to offer? Committee awaits reply." The reply of Sir Gordon Sprigg, dated 15th May last, is perhaps the best which could have been made to the impudent demands of these "sturdy beggars," and runs as follows: "In letter, 29th December, company offered to lay cable without South African subsidy. As present traffic warrants third cable on basis of revenue laid down by Sir John Pender, feel sure South African contributories to subsidy would not entertain question of increase without satisfactory guarantee regarding reduced rates. As monopolists, company must make concessions to meet legitimate public requirements."

II. We have laid before our readers as concisely as may be the story of the futile attempts made by the allied companies (the Eastern, Eastern Extension, and Eastern and South African Telegraph Companies) to confirm their monopolies, and to relieve themselves from the impending danger of competition—at the expense of the nation; we have shown how this very prosperous clique has failed in this endeavour, in spite of the sympathetic interest which they have generally managed to inspire amongst a certain class of officials. We omitted, however, sufficiently to emphasize the fact that in the letter to the Chancellor of the Exchequer, dated the 12th November, 1897, and in which the Marquis of Tweeddale leaves in abeyance the prolongation of the cable beyond the Cape to Australia, the clause intended to quash competition is left unchanged. If this clause had been acceded to, it would have prevented the Government from assisting by subsidy any one who might desire to compete, on equal terms, with these already subsidised companies in either Africa, India, China, or Australasia. This absurd request was summarily dismissed in the draft instructions to the Departmental Committee.

Perhaps that portion of the scheme on which we are trying to throw light, which relates particularly to the Eastern Extension Company, is the most interesting. We refer to the suggested prolongation of this cable from the Cape to Australia, which is now for convenience put into the background. We have frequently drawn attention to the delays and interruptions which occur on the Australian land-lines, and find support for the views we have so often expressed in a letter, dated the 25th February last, addressed to the Chancellor of the Exchequer by Mr. J. Denison Pender, who, as a director of the Eastern Extension Company, writes with full knowledge of the subject. Mr. Pender, in the course of his letter writes: "I have the honour to inform you that in consequence of the recent unsatisfactory working of the Australian Government land-lines (over which the company have no control) serious complaints have arisen both on this side and in the colonies, and deputations from chambers of commerce and other public bodies have waited on the Postmasters-General of New South Wales and Victoria with a view to ventilating the question and endeavouring to find an effectual remedy. The Eastern Extension Company's cables to Australia are landed at Port Darwin in the Northern Territory of South Australia and Roebuck Bay on the north coast of Western Australia, whence land-lines belonging to and worked by the Governments of South and Western Australia carry the telegrams to Adelaide. The bulk of the traffic is transmitted by the Port Darwin-Adelaide land-line, the long coast-line from Roebuck Bay to Adelaide being more or less unreliable. The proposed Cape-Australian cable, by landing at Perth, would cut out the most defective portion of this line, and consequently much shorten and improve the communication. It is, however, contended that the line between Perth and Adelaide, passing, as it does, through a sparsely populated country, would be liable to as much interruption as the Port Darwin-Adelaide line, and to meet this objection the Eastern Extension Company has intimated to the colonies its readiness to extend the proposed cable from Keeling or Perth to Albany, and thence lay a separate cable to Adelaide, thus making the new connection altogether independent of the long land-lines complained of." In return for this extension, which will have the effect of seriously decreasing the revenue of the land-lines of South and Western Australia, "the company

would require the Australasian Colonies to continue the existing subsidy of £32,400 per annum for another twenty years, or ten years longer than the period named in the original proposal." That these land-lines are very long and very bad no one but an interested colonial Postmaster-General would venture to deny. We have on a previous occasion pointed out that a telegram sent over the land-line from Roebuck Bay to Burketown, in Queensland, would, assuming that it ever reached its destination, have to travel over a length of land-line greater than the distance between London and Calcutta, or several hundreds of miles more than the distance intervening between London and Vancouver. The admission made by Mr. Pender as to the land-line from Roebuck Bay being "more or less unreliable," is only in accordance with the statement made by Mr. Playford, the Agent-General of South Australia, at the Conference held in Ottawa. This unsatisfactory condition of affairs proves that the cable which was laid from Java to Roebuck Bay in 1889 cannot be looked upon as an alternative to the two cables which run from the same point in Java to Port Darwin, although it was laid with the intention of assuring communication with Australasia when the Port Darwin cables were broken down.

The Australian Colonies, however, do not see the position in the same light as the associated companies, and at the Postal and Telegraphic Conference held in Tasmania in March-April last, at which all the colonies were represented, when the original scheme of the allied companies was discussed, the two following resolutions were passed:—

"That, in the absence of any satisfactory proposal from the Eastern Extension Telegraph Company, and of any proposal at all except on the basis of an alternate cable *via* Africa, this Conference is unable to make any fresh arrangements with that company." Also, "That this Conference reaffirms the opinion that in the interests of Australasia the Pacific-cable project should be consummated as speedily as practicable, and that the Governments of the various Australasian Colonies be requested to represent to the Imperial and Dominion Governments the foregoing opinion, together with the proposal of the Premiers, as agreed to at their recent Conference held in Melbourne—viz., 'That if Great Britain and Canada would each contribute one-third of the cost the colonies would be prepared to contribute the remaining one-third.'"

In the course of this discussion much dissatisfaction was expressed at the unwillingness of the above-mentioned company to meet the colonies, even to the extent of replying to the plain questions put to them as to arrangements consequent on the approaching expiry of the annual subsidy of £32,400 at present paid to the company by the colonies. In the course of his remarks, the Hon. Mr. J. Gavan Duffy said that "they had spoon-fed the company, and the more they fed it the more spoon-fed it wanted to be." A strong feeling in favour of an alternative cable *via* the Pacific to Canada was also shown, and in reference to this Mr. Gavan Duffy said: "The project was entertained very fairly, and at one time it seemed as though the line would be immediately constructed. But for some reason or other a blight had come over it, and they did not now hear of it." The cause of this "blight" will bear some examination.

In the first place, it is only right to give the allied companies credit for the manner in which they have so long, and heretofore so successfully, managed to delay the establishment of a competing cable across the Pacific. It is no more than natural that the Eastern Extension Company should strongly object to the lapsing of subsidies, and to the loss of about 50 per cent. of the revenue which they now derive from Australasian traffic, which in 1897 amounted to a total of some £530,000. With this position in view, it is easy to understand the opinion expressed by Sir Sandford Fleming, who, in his very temperate report to the Canadian Government on the evidence given in the Colonial Office before the Pacific Cable Commission at the end of 1896*, expresses himself as follows in reference to this company: "It may indeed be held that the company has always assumed an attitude of hostility to the aspirations of Canada in respect to the proposed cable, and have for years strenuously opposed all efforts to advance her own and Imperial interests on the Pacific in connection with the union of Australasia and British North America telegraphically. Be that as it may, I can only repeat the view I have often expressed, that if the exigencies of the Empire, as a whole, demand the establishment of a national work which will interfere with the operations of this private company, every reasonable consideration should be extended to that company by those upon whom it has just claims. But it cannot be supposed that the public interests must be entirely set aside in order that the company may for ever continue to receive large dividends. I will again refer to the position of the Eastern Extension Company, and suggest a means by which, as it appears to me, the matter can be adjusted in the spirit of justice and fairness."

Sir Sandford Fleming also points out that "All doubt as to the practicability of laying an electric cable from the western coast of Canada to the Australasian Colonies, touching only on islands in the possession of Great Britain, is now entirely set at rest. The best authorities known were examined, and not one of them expressed the least misgiving on this point."

In this report reference is also made to what has been one of the most serious causes of obstruction in the progress of the Pacific-cable project. Sir Sandford Fleming writes: "I have pointed out in what respect there is a general agreement in the views expressed by the several gentleman examined by the Committee. I shall now refer to an extraordinary diversity of opinion. In this diversity I find ranged on one side the agents, the Eastern Extension Telegraph Company, and two officers of the Post Office Department. On the other side, all the highest authorities on electrical science, together with the managers of two important ocean cables, whose evidence was submitted to the Committee. The two officers were Mr. J. C. Lamb, secretary, and Mr. W. H. Preece, engineer-in-chief and electrician to the General Post Office, London. Their evidence

* Return to an address of the House of Commons (Canada), dated 18th April, 1898, for a copy of the Report of the Committee appointed by the Imperial Government in 1896 to consider the question of a telegraph cable between Canada and Australasia; also of any reports or correspondence to the Canadian Government from the Canadian representatives on said Committee, or Sir Sandford Fleming, in regard to the same subject.

in the main agrees with that of the gentlemen who appeared on behalf of the Eastern Extension Telegraph Company, whose views are adverse to the establishment of the proposed Pacific cable. The antagonistic evidence is voluminous. If examined, it will be seen that the gentlemen who submitted it are substantially of one mind on many subjects. The tone and substance of their observations leaves the impression that they do not look upon the Pacific cable as a necessary or desirable undertaking, and that if established as designed it would be inadequate in capacity and a heavy burden on the public exchequer. I could not venture here to take up the time necessary to refute the whole evidence."

Apparently these remarks are principally intended to apply to the preposterous estimate which is contained in a report dated 5th July, 1893, published in the "Proceedings" of the Ottawa Conference. Concerning this estimate Sir Sandford Fleming writes: "We have thus presented to us the estimate of the officers of the Post Office Department, amounting in all to £3,264,000. The Canadian Government has a *bonâ fide* tender to carry out in a complete and satisfactory manner precisely the same work for £1,517,000. What can be said of such a discrepancy as this? I entertain no doubt as to the great ability, the varied information, and the value of the services of these gentlemen. I can only regret that, in my extremely limited knowledge of them, I should be so unfortunate as to be driven to the conclusion that, however important the offices they fill, their importance does not make the occupants of the office infallible. In short, I am constrained to form the opinion that they have made a grave mistake, and that to this mistake, and to the unfortunate letter of Mr. Lamb in which it is contained, may be traced the seeming antagonism to a Pacific cable, which will be found in the evidence recently submitted."

That the adjective which we have used to describe this estimate is quite warranted will be at once admitted by any one with technical knowledge who reads the report in question. The mere suggestion that the core of the cable mentioned should have *equal* weights of copper and gutta-percha (940 lb. of each) is quite enough, without going further into the matter, to show that the report is utterly valueless. It is obvious that such a report as that above referred to, being officially circulated, must have had a most prejudicial effect as far as the Pacific-cable project is concerned. We also find that, as far back as September, 1888, in a minute on a letter from the Secretary of State for the Colonies (Lord Knutsford), the following occurs, above the signature of Sir Charles Todd, who was then, and still continues to be, Postmaster-General of South Australia: "In face of the known difficulties arising from coral reefs, and the enormous depth of the Pacific along the route proposed, estimated at 12,000 fathoms in some places," &c., &c. After this display of ignorance of a subject, on which his opinion is conveniently accepted by the Government of South Australia, it is not surprising to find in the same minute the following assertion advanced by Sir Charles Todd: "As the Government are aware, I have given this subject very great and careful consideration, more so, perhaps, than any one else." In all probability, the reference made by this Postmaster-General to the "enormous depths of the Pacific" can be traced to a blunder in the evidence given by another post-office official before the Colonial Conference of 1897. We cannot but attribute a handsome share of the misunderstandings and false reports to the delay in the survey of the Pacific-cable route, which was unanimously recommended by the delegates to the Colonial Conference held in London in 1887, and which is not yet completed. The Hydrographer (Admiral Sir W. J. Wharton) has in his report dated the 28th February, 1887, ten years ago (figures corrected to 1892), expressed himself as follows: "My general conclusion is that if the Government is to aid in a substantial manner any scheme for multiplying the lines of communication to Australia, it should be in the direction of triplicating, by means of sea-cables, those portions of the existing route which are now duplicated by foreign land-lines."

In view of such an opinion it is not surprising to find that the survey recommended by the Colonial Conference is of slow accomplishment. We may say here that when the Hydrographical Department of the United States undertook the survey for the American cable, soon to be laid from San Francisco to Honolulu, the work (about a third of that required for the Pacific-cable scheme) was very fully carried out in three months.

Besides these serious stumbling-blocks in the way of the Pacific cable, we must remember that in some of the Conferences held some of the representatives had no special or technical knowledge of the subject; thus we find that in the Colonial Conference in Ottawa, in 1894, the Hon. Thomas Playford, representing South Australia, emphatically asserts (and this after having been corrected!) that no soundings from San Francisco to Honolulu had been taken since 1887, which proved that he was quite uninformed of the very complete series of soundings taken by the United States Government in 1892-93 for the San Francisco-Hawaii cable, a matter vitally affecting the subject on which he was supposed to speak with intelligence.

Added to such misconceptions, arising from insufficient or incorrect information, we should not omit to say that the Australian Colonies have from time to time been quite satisfied with the reductions of rates which they have received, by using the leverage of proposing to support the Pacific cable; but that after each reduction they have ceased to interest themselves in the project. That the reductions were quite justifiable is proved by the steady increase in the revenue of the company concerned. For information regarding the financial position, revenue, &c., of the Eastern Extension Company, we refer our readers to an analysis made by Sir Sandford Fleming, which we published last week. In conclusion, we would express a hope that the allied companies will not be permitted in any way to close the doors on the progress of telegraph enterprise. Besides the large revenues derived from traffic, these companies, together with others in which they are interested, have already received in subsidies, guarantees, &c., a sum in excess of £3,000,000, and it would be extremely unwise to still further strengthen against competition the position of these "spoon-fed" monopolists.

REDUCTION OF CABLE RATES TO AUSTRALIA.

The following extract from a Sydney paper, the *Daily Telegraph*, just to hand, shows the present position as regards the proposed reduction of rates: "The subsidy paid by the Australian Colonies, with the exception of Queensland, to the Eastern Extension Company amounts to £32,000 per annum. The contract expires before the end of the year. At the Hobart Conference the question of a reduction in the rates came up for consideration, and it was decided that efforts should be made to secure this end. From the correspondence published below, and which has been furnished by the Postmaster-General (Mr. Cook), it will be seen that the company decline to discuss the question excepting on the basis of the colonies subsidising the new Cape cable. The reduction asked for is from 4s. 9d. per word to 4s., but an intimation has been received that the company are waiting before entertaining the proposal for the Governments of the Australian Colonies to definitely decline to consider the proposals with regard to the Cape route. Mr. Cook states that so far as he knows the Governments have already decided on that point, and against the proposal. This was at the Premiers' Conference in Melbourne. Under these circumstances the attitude of the company appears to the Postmaster-General to be, as he describes it, somewhat extraordinary. At the same time, he wishes the public to understand that every effort has been made to secure a reduction in the cable rates, irrespective of the Cape-cable project, but, so far, without success. The following is the correspondence referred to:—

"Postal and Electric Telegraph Department, General Post Office, Sydney, 14th April, 1898.
—Sir,—Referring to the understanding at Hobart last week that you would communicate further with your company in England regarding the question of a new agreement and reduction of cable rate between Australia and Great Britain, I am directed by the Postmaster-General to inquire whether the company is prepared to make any fresh proposals, irrespective, of course, of those in connection with the projected South African route.—I have, &c., S. H. LAMBTON, Deputy Postmaster-General.—W. Warren, Esq., Manager in Australasia, E.E.A. and C. Telegraph Company (Limited), Melbourne.

"The Eastern Extension, Australasia, and China Telegraph Company (Limited), Melbourne, 20th April, 1898.—Sir,—In acknowledging the receipt of your letter of the 14th instant, I have the honour to state that I made no promise to the Hon. the Postmaster-General to communicate further with the company regarding the question of a new agreement and reduction of the cable rate. In reply to his inquiry, I am directed to say that the company have no further proposals to make other than those already submitted to the respective colonies for an alternate route *via* the Cape, and now await their decision respecting the same.—I have, &c., W. WARREN, Manager in Australasia.—S. H. Lambton, Esq., Deputy Postmaster-General, Post Office, Sydney."

In reply to further representations by Mr. Cook, Mr. Warren wrote on the 9th June as follows:—

"SIR,—I have the honour to acknowledge the receipt of your letter, No. B2/98—2222, of the 8th instant, and in reply to state that my company cannot offer any opinion or advice respecting the proposal for reducing the tariff to 4s. until the Australian Governments definitely decide whether they will or will not take part in the Cape-cable scheme. Should they definitely decide in the negative, my company will then be prepared to consider any proposals that may be submitted for a 4s. tariff.—I have, &c., W. WARREN, Manager in Australasia."

The following extract from an enclosure to a letter from Sir Sandford Fleming to Sir Wilfrid Laurier, dated Ottawa, 28th December, 1897, with regard to the Eastern Extension Company, will be interesting:—

"The Eastern Extension Company represents a combination of associated companies engaged in telegraph transmission between England and Australasia. The lines of the company comprise those of three amalgamated companies: (1) The 'British India Extension,' from Madras to Singapore, with a share capital of £460,000; (2) the 'British Australian,' from Singapore to Australia, with a share capital of £540,000; (3) the 'China Submarine,' from Singapore to Hongkong and Shanghai, with a share capital of £525,000. The combined share capital of these three companies mounted to £1,525,000. On their amalgamation the united share capital, by a well-known process of 'watering' to the extent of £472,500, was increased nominally to £1,997,500. The united company, since known as the Eastern Extension, Australasia, and China Telegraph Company (Limited), has been exceedingly prosperous; it has paid 7 per cent. on the enlarged capital, equal to 9 per cent. on the original capital. An examination of the published statements establishes that it has, in addition, expended out of the profits earned no less a sum than £1,571,540 on extensions and other productive works, and there remains unexpended and undivided to-day a reserve of surplus profits amounting to £804,193. These figures establish that the Eastern Extension Company has become a remarkably profitable investment. It regularly pays good dividends, but the dividends are no guide to the profits made. It holds in reserve undivided profits far exceeding in amount the whole value of its cables between Asia and Australia. The accounts of the company for 1896 and the first half of 1897 show that the net profits actually earned during these periods amounted to 13 per cent. on the present capital, and 17 per cent. on the capital prior to its being watered."

SIDE-LIGHTS ON CABLE ROUTES.

In the Melbourne *Argus* of the 26th August we notice a long article (No. 1) under the heading of "The Proposed Pacific Cable." We do not intend to criticize this, as it is simply a *rechauffé* of the objections and misleading statements which those who are interested in opposing the laying of a cable across the Pacific take every opportunity of publishing for the consumption of the colonial public, who have not had the opportunity of acquiring a proper insight into the matter. This knowledge might have been in their hands had the proceedings of the Commission of inquiry, held in the Colonial Office at Downing Street at the end of 1896, been presented to the House of Commons. The supposed analysis of the Pacific scheme now being published in Australia is, as has previously been the case, utterly misleading, and evidently springs from a biassed source.—*Electrical Review*, 7th October, 1898.

Enclosure 2 in No. 34.

[From the *Electrical Review*]

IN one of the leading Australian papers, the Melbourne *Argus*, a considerable amount of space has been devoted in the issues of 26th and 30th August to the proposed Pacific cable. We made reference to these last week, and pointed out that the information offered was simply a rehash of the numerous erroneous and misleading statements which have been so liberally offered for colonial consumption by those interested. We have so frequently exposed the fallacies and inaccuracies which have been so often and so skilfully advanced that we do not care to devote further space to going over this ground again at present. An element of novelty has, however, been introduced into the matter in a further article published, as if by an afterthought, in the Melbourne *Argus* of the 6th ultimo. Here, in a column or so of matter relating to the Cape-Australia cable (with which we have already dealt), we find the following; "During the discussion on the Pacific scheme it was frequently suggested that the Eastern Extension Company might put up rates on the expiration of the Government subsidies in 1899, but, of course, all possibility of this would cease were the Cape route adopted. In any case, it is hardly likely that a company which controls nearly one-half the cable mileage of the world—viz., 75,000 nautical miles out of a total of 165,000—would damage either its own reputation or the interests of its shareholders by any such suicidal act. As Mr. P. B. Walker, Secretary of Telegraphs in New South Wales, points out in one of his reports, no attempt was made by the cable company to raise the rates when the New Zealand and New South Wales Governments declined to continue the subsidy on that line." The first part of this statement does not appeal to our recollection, although we have followed the discussion closely. The idea has possibly arisen in the mind of the writer owing to the fact that the Eastern Extension Company have not replied to the inquiries urgently made by the colonial Governments as to whether they proposed to reduce the existing tariff on the expiry next year of the annual subsidy (£32,400) which has been paid to the company by the colonial Governments for the last nineteen years. This seems all the more probable in view of the suggestion in this paragraph that "all possibility of this would cease were the Cape route adopted." As regards the latter portion of the statement—viz., that "no attempts were made by the cable company to raise the rates," &c.—this statement is, if possible, still more inaccurate and misleading than the rest of the information given in these articles. The editor of the Melbourne *Argus*, who writes with assumption of minute knowledge, should refer to a telegram, dated 20th September, 1886, addressed to Sir Julius Vogel, then representing the New Zealand Government, by the late Sir John Pender, then Chairman of the Eastern Extension Company, who, referring to the subject mentioned in the above extract from the *Argus*, wires: "The company have done everything possible to conciliate your Government and to meet the requirements of the telegraphing public, and if our guarantee proposal had been accepted it would have given the public a cheaper tariff than it is possible to obtain by any other means without entailing considerable expenditure on the colony. Under the circumstances, however, the company have no alternative but to raise the tariff for intercolonial telegrams from 1st October to 10s. per ten words, and 1s. for every additional word, in order to recoup the loss of the subsidy." This gives a flat contradiction to the statement we are dealing with, and, as a matter of fact, the tariff actually *was* raised over the cable between New Zealand and New South Wales. Having nailed this statement to the counter, there is little in the article worth further attention. It may perhaps be an indiscretion to suggest to the editor of the Melbourne *Argus* that in matters connected with the Eastern Extension Cable Company he might apply to Mr. W. Warren, the manager of that company in Australasia, to have his information verified. In the article we refer to, and which is published as an editorial, we find a table purporting to give the subdivision among the various companies and Governments concerned of the rate per word received for telegrams from Australia to London. It is curious to find in this schedule of proportions that the division of the cable route on the English side of India is described in this Australian editorial as "cis-Indian." This would have been described as *ultra-Indian* had the table above referred to, and which appears as part of the article, been really drawn up in Australia, instead of having been supplied, as we are justified in believing, from some (apparently) competent source in London. We can only inquire of ourselves how much more of the information we have proven to be misleading springs from the same source.

[Extracts from Parliamentary Paper F.—8 of 1900.]

No. 57.

The AGENT-GENERAL to the Hon. the PREMIER.

Westminster Chambers, 13, Victoria Street,

London, S. W., 29th July, 1899.

(Memorandum.)

PACIFIC CABLE: I beg to transmit herewith copy of correspondence between the Colonial Office and the Eastern Extension, Australasia, and China Telegraph Company on the subject of the all-British Pacific-cable project.

WALTER KENNAWAY,

For the Agent-General.

The Hon. the Premier, Wellington.

Enclosure 1 in No. 57.

The UNDER-SECRETARY of STATE for the COLONIES to the MARQUIS of TWEEDDALE.

MY LORD,—

Colonial Office, Downing Street, S.W., 10th July, 1899.

I am directed by Mr. Secretary Chamberlain to acquaint you that he has had before him the letter which you addressed to the Marquess of Salisbury on the 17th May [see Enclosure in No. 58], submitting the objections entertained by the Eastern Extension Telegraph Company to the proposals in relation to the all-British Pacific-cable project, contained in the recently published correspondence between this Department and the High Commissioner for Canada and the Agents-General for the Australasian Colonies.

2. You maintain that the "grounds upon which the proposals contained in the letter are based appear to be a departure from the principles hitherto acted upon by Her Majesty's Government," and that the reasons by which that departure has been sought to be justified are "wholly inadequate"; and, further, that "Her Majesty's Postal and Telegraphic Department has hitherto acted upon the principle of alliance, and not interference, with private enterprise."

3. Mr. Chamberlain is unable to accept this statement as a complete or accurate record of the practice of Her Majesty's Government, or of the principles which have guided, and ought to guide, them in dealing with such matters. He cannot admit that there is any rule or formula of universal and permanent application such as you suppose, limiting the functions of the State in regard to services of public utility.

4. With the progressive development of society, the tendency is to enlarge the functions and widen the sphere of action of the central Government, as well as of the local authorities, and to claim for them the more or less exclusive use of powers and the performance of services, where the desired end is difficult to attain through private enterprise, or where the result of intrusting such powers or services to private enterprise would be detrimental to the public interest, through their being in that event necessarily conducted primarily for the benefit of the undertakers rather than of the public. This tendency is specially manifested in cases where, from the magnitude or other conditions of the enterprise, the public is deprived of the important safeguard of unrestricted competition, and in many cases, as Your Lordship is aware, where it has been considered inexpedient or impracticable for the State to foster or enter itself upon competition, the Legislature has deemed it necessary to step in and impose conditions and restrictions for the protection of the public interests.

5. It is only by public expediency and advantage that the question whether a service should or should not be undertaken or assisted by the State can be finally decided, and any rules or formulæ which may be adopted at one time as a general expression of opinion as to the limits within which the action of the State should be confined may be wholly insufficient and inapplicable at another.

6. That the action of the Postal Department, to which you specially refer, has been limited by any such rules as you allege appears to be a complete misapprehension: for many years in the matters of life assurance and annuities, banking, carriage and distribution of parcels, &c., the Postal Department has been in active competition with private enterprise. In the case of inland telegraphs and of cable communication with the Continent of Europe it has entirely superseded the private companies. Closely analogous to the action of the State in the cases referred to is the action taken by municipal authorities with the authority of the Legislature in competing with or superseding private companies for the supply of electric light, gas, water, tramways, and other public services.

7. These instances may be sufficient to show that there is no such general or final rule as you suppose. Your Lordship's main case, however, appears to rest upon what you describe as "the absolute inadequacy of the grounds upon which this serious interference with private enterprise is based." I am to point out that you do not attempt to show in what way the project is an interference with private enterprise; and that you ignore altogether the real grounds upon which Her Majesty's Government have agreed to take part in the project, and assert that "the all-British cable is stated to be required primarily to facilitate telegraphic communication between Australia and Canada, and, secondarily, the Australasian Governments expect indirectly to obtain by it a reduction of the cable charges."

8. Mr. Chamberlain is not aware that it has been stated by any responsible person in the colonies, and it has certainly not been urged by Her Majesty's Government, that the cable is primarily required to facilitate telegraphic communication between Canada and Australia.

9. It will certainly have that effect, and on that account alone, as a measure tending to bring these parts of Her Majesty's dominions into closer touch and more intimate relations with each other, it would deserve the sympathy of Her Majesty's Government. The smallness of the number of messages passing between Australia and Canada, instead of being an argument against the project, is in fact strong reason why Her Majesty's Government should do what is in their power to facilitate and stimulate its growth. With a tariff so high as 6s. to 6s. 3d. a word, the small amount of the present traffic can occasion no surprise, and, in view of the rapid development which is taking place in Western Canada, a large immediate increase may confidently be anticipated as soon as messages can be sent at the much lower rate which the Pacific cable will render possible, and of course a similar development of the traffic with the United States may be looked for.

10. But though the establishment of the proposed cable will have the effect of bringing Canada and Australasia nearer together, it is primarily as supplying a link in a telegraphic system connecting this country with its possessions in Australasia that the project must be judged, and as providing an alternative route wholly under British control to those possessions, and also, in case of emergency, to the East.

11. It is primarily because they consider the possession of such an alternative route desirable that Her Majesty's Government have decided to support the project, and though it is the case that another route *via* the Cape would offer greater advantages from a purely strategic point of view, the colonies interested decline to lend any support to a cable by that route, and in a matter in which they are so vitally interested, and in which their co-operation is desired, it is the duty of Her Majesty's Government to respect colonial feeling, the more so as it is the first time in the history of the Empire that two great colonial groups have approached Her Majesty's Government with a view to a joint undertaking for the furtherance of commercial, political, and social relations.

12. It is no doubt expected, both in Australasia and in this country, that the opening of the new cable route will lead to a reduction in the rates for messages, an object of great importance to the trade of this country and of Australasia, and Mr. Chamberlain is unable to admit that there is any obligation on Her Majesty's Government to abstain from taking part in the project on that account, or to choose the alternative route offered by the company, which would involve a heavier liability to Her Majesty's Government and the colonies with no prospect of a reduction of rates.

13. You allege that the British Government has never granted subsidies for the purpose of reducing rates, and that in this instance, especially, it would be unfair to do so. In the paragraph immediately preceding, however, you mention the fact that subsidies for that purpose had been granted by the Australasian Governments, and a reduction of rates was made a condition of the subsidies secured to the Eastern and South African Telegraph Company in respect of the lines down the east coast of Africa by the agreements of 9th and 10th July, 1895, between that company and Her Majesty's Government. Apparently your objection is not to the grant of a subsidy with the object of reducing rates, but to its being granted to aid a project which may to some extent compete with the system of the Eastern Extension Telegraph Company.

14. As already stated, the cheapening of telegraphic communication is an object of the greatest importance to the public, and at a time when both in this country and the colonies there is a general desire for promoting and extending their mutual commerce, it appears to Mr. Chamberlain that any proposal which, by diminishing the cost of telegraphic communication, tends to facilitate and promote commercial intercourse is *prima facie* deserving of consideration, even though it may for a time diminish the receipts of the section of the public which is pecuniarily interested in existing cable systems.

15. Your statement that such competition by the State is "opposed to the whole spirit of the International Telegraph Convention" is one which it is impossible to discuss in the absence of any indication of the provisions of the convention upon which it is founded, and Mr. Chamberlain can only state that he is unable to find anything in that instrument to warrant your inference.

16. Your offer on behalf of the company "to establish a Pacific cable on reasonable terms, provided that the cable can be laid *via* Honolulu," is not one which Her Majesty's Government can entertain.

17. The object of Her Majesty's Government and the colonies is to secure an alternative route under British control throughout, and the Vancouver-Great Britain section to which you refer only requires the construction by the Canadian Pacific Railway Company of a short length of land-line, or the use as far as Montreal of the line of the Western Union Company, to insure that. It is, moreover, the desire of the colonies that the new route should be independent, and under the immediate control and direction of the Governments concerned, so that the public interests for the sake of which it is required may be the first object in its administration. This question and that of the feasibility of a cable *via* Fanning Island were exhaustively considered by the Committee, and Her Majesty's Government see no reason to differ from its conclusions.

18. In regard to the concluding portion of your letter, in which you appear to urge that the decision of Her Majesty's Government to support the Pacific-cable scheme will give rise to a claim for compensation on the part of the company which you represent, Mr. Chamberlain is unable to see on what grounds such a claim can be based. He has already shown that where the performance of a public service is in question there is no such general principle of non-competition by the State with private enterprise, as you allege, and in the present instance the primary object is not competition, but the establishment of a new service required in the public interest, traversing a route which is practically not served at present.

19. That the service rendered by the Eastern and Eastern Extension Companies has been generally efficient Mr. Chamberlain gladly acknowledges, and would regret if the accomplishment of the Pacific-cable scheme were to lead to any diminution of that efficiency; but the fact that the service has been efficiently performed hitherto cannot justify a claim for compensation from Her Majesty's Government in the event of their establishing an alternative service which may have the incidental effect of reducing to some extent the profits derived from that part of the existing service of the companies which may be said to have been constructed expressly for Australasian traffic. No guarantee, either express or implied, has been given to the companies by Her Majesty's Government, either in respect of the amount of traffic or the amount of profit on that traffic, nor any guarantee against competition; and though it will be the duty of Her Majesty's Government, in so far as they may be responsible for the working of the Pacific cable, to avoid unnecessary injury to the interests of the shareholders in the Eastern Company, their primary duty must be to the interests of the public.

20. As already pointed out, there will be a large development of the traffic between Canada and the United States and Australasia and the East which will naturally fall to the Pacific cable, and, apart from the natural increase in the traffic between the United Kingdom and Australasia, a reasonable lowering of rates will certainly lead to an increased volume of business, and it is from these sources rather than by any diversion of business from the Eastern Extension Company that the new cable will look for employment. There is no intention of working the new cable on other than commercial lines, and at remunerative rates.

21. The service which Her Majesty's Government and the colonies desire is one which neither the Eastern Telegraph Company nor any other private enterprise is prepared to undertake on terms which can be considered in comparison with the terms upon which it can be provided by the associated Governments. It is a public service as much as the carriage of parcels, the provision of life insurance, the building of light railways or of ships of war, and Her Majesty's Government cannot find any reason why in the one case a private enterprise with which the Government work may compete should be considered entitled to compensation and not in the others.

22. I am to remind you, moreover, that by the time the existing subsidies to the Eastern Extension Company expire it will have received in direct payments from the Governments of Australasia a sum of nearly one million sterling, which must be sufficient to have covered a large part of the capital outlay incurred in opening communication with that country, so that it can have little cause for complaint if it is now exposed to competition.

23. If the competition arose from another private company, there would obviously be no claim for compensation, and Mr. Chamberlain is unable to see why, so long as the project is conducted on commercial principles, fair competition by the State should give rise to a claim for compensation which would not be suggested for a moment if the competitor were a private person or company, however wealthy or influential.

24. The competition in so far as it may arise will, your Lordship admits, be confined to a very limited part of the vast area served by the lines of the Eastern and Eastern Extension Companies, and it has already been pointed out that the Pacific project will derive a considerable part of its traffic from sources at present undeveloped, and Mr. Chamberlain is satisfied that with that new business and the large increase due to the reduction of rates there will be ample and remunerative work for both routes; and that, while the public will undoubtedly receive a substantial benefit from the improvement and cheapening of communication, the companies will be relieved to a considerable extent from the heavy drafts which they now consider it prudent to make upon their revenue for the purpose of adding to the capital value of their enterprise.

The Marquess of Tweeddale.

I am, &c.,
SELBORNE.

Enclosure 2 in No. 57.

The MARQUIS of TWEEDDALE to the UNDER-SECRETARY of STATE for the COLONIES.

Eastern Telegraph Company (Limited) and Eastern Extension, Australasia, and China
Telegraph Company (Limited), Winchester House, 50, Old Broad Street,

MY LORD,—
London, E.C., 19th July, 1899.

I have the honour to acknowledge the receipt of Your Lordship's letter of the 10th instant, replying to a letter which I addressed to the Prime Minister on the 17th May last submitting the objections entertained by the Eastern and Eastern Extension Telegraph Companies to the proposals in relation to the "all-British Pacific-cable project" contained in the recently published correspondence between the Colonial Department and the High Commissioner for Canada and the Agents-General for the Australasian Colonies.

2. These objections are in no sense new, as the Chancellor of the Exchequer seemed to think when he received the deputation from the companies on the 29th ultimo, and stated that their novelty put the companies out of Court. They were all, in substance, stated by myself in evidence before the Pacific Cable Committee in November, 1896; and until the publication of the Colonial Department's letter to the High Commissioner and Agents-General of the 28th April last [Enclosure in No. 42, F.—8, 1899], which therefore preceded the publication of the report by several days, I had no reason to suppose that Her Majesty's Government would so gravely depart from the course heretofore pursued, and thus disregard the opinions expressed by successive Postmasters-General and the evidence given by the permanent officials of the Postal Department. The delay in publishing the report of the Pacific Cable Committee until the 4th May of the present year (nearly two years and a half after it was signed) confirmed my impression that Her Majesty's Government attached more weight to the evidence laid before the Committee than to the recommendations of the Committee, since it was a foregone conclusion that the Committee would be in favour of the scheme—seeing that four out of the six members were avowed advocates of it. As, however, our objections appear to have been forgotten, and are now treated as new, it is necessary that I should reply to Your Lordship's letter in some detail.

3. In reply to the first five paragraphs of it, I must observe that I have never suggested "that there is any rule or formula of universal and permanent application limiting the functions of the State in regard to services of public utility"; nor did I, in my letter to Lord Salisbury, question the right of the Imperial Government to make any arrangements required in the interests of the Empire, whatever effect such arrangements might have upon private enterprise—assuming always that due compensation were made; but I must still maintain that the grounds upon which the proposals of the Colonial Department are based appear to be a departure from the principles hitherto acted upon by Her Majesty's Government, and that the reasons by which that departure has been sought to be justified appear wholly inadequate.

4. The limited facilities granted by the Government in life assurance, annuities, and savings-banks—chiefly for the promotion of thrift amongst the working-classes—referred to in the 6th paragraph of Your Lordship's letter, appear to me to have but little bearing on the present question. The carriage and distribution of parcels have been initiated by the Post Office under agreements satisfactory to the railway companies; but the case of the inland telegraphs and cable communications with the Continent of Europe, referred to in the same paragraph, is precisely analogous to that of the companies.

5. Both the Chancellor of the Exchequer and the Colonial Secretary seem to have forgotten the fact that the inland telegraphs and cable communications with the Continent of Europe were

not taken over by the Government until it had bought up or compensated all the private companies by which those enterprises had been created and carried out. This was then admitted to be a necessary condition; and, with this case precisely in point, it is scarcely necessary to go into the question of the various special circumstances under which municipal authorities have been authorised to enter upon the supply of electric light, gas, water, tramways, and other public services. As, however, the Chancellor of the Exchequer laid stress upon the Government's action in regard to "light" railways, and the matter is also alluded to in Your Lordship's letter, I would again reply that the only projected "light" railway that was likely to compete with an existing line failed, solely on that ground, to obtain the necessary sanction of the Board of Trade.

6. With regard to the statement in the 7th paragraph of Your Lordship's letter, that I had not attempted "to show in what way the Pacific-cable project is an interference with private enterprise," I referred, in my letter to the Prime Minister, to the fact that the colonial proposals are based upon the anticipation that from a third to a half of the European-Australasian traffic now carried by the Eastern and Eastern Extension Companies would be abstracted from those companies for the profit of the Pacific-cable scheme; and I know not in what clearer way I could show that the project is an interference with private enterprise if this does not suffice. The evidence of the promoters of the scheme laid before the Committee was based upon Sir Sandford Fleming's estimate that a half of the existing European-Australasian traffic would be diverted to the new cable, and the report of the Committee was based upon the estimate that, at all events, between one-third and one-half would be so diverted.

7. With further reference to the same paragraph and to paragraph 8, the fact that the Pacific-cable scheme has not been initiated by Her Majesty's Government, but entertained under pressure from Canada and Australasia—and especially Canada—appeared to me to justify the belief that the Pacific cable was proposed primarily with the object of facilitating telegraphic communication between Canada and Australia, and, secondly, to obtain, indirectly, by it a reduction of cable charges to Australia. The first resolution of the Conference at Ottawa in 1894, which practically formed the basis of the scheme, was "that, in the opinion of this Conference, immediate steps should be taken to provide telegraphic communication by cable—free from foreign control—between the Dominion of Canada and Australasia." Whatever, therefore, may be the ulterior views of the Imperial Government, it appears that the primary object of the chief promoter of the scheme was, and is, to facilitate telegraphic communication between Australasia and Canada. It is to this motive I referred as being wholly inadequate to justify the laying of a Pacific cable.

8. It certainly had not occurred to me until I read the 9th paragraph of Your Lordship's letter that "the smallness of the number of messages passing between Canada and Australasia" could be used by any one as an argument in favour of incurring large capital outlay upon a Pacific cable. If this were so, it would logically follow that if there were no traffic at all the necessity for such a cable would be still greater.

9. With regard to the hypothesis of a "large immediate increase" of traffic between Australasia and Canada consequent upon the reduction of the present tariff of 6s. or 6s. 3d. a word, I would observe that that tariff for so long a distance is by no means a prohibitive one, seeing that, in proportion to distance, it is less than the low competitive tariff on the Atlantic cables; and that if it were reduced by one-half, or even one-third, it would, according to telegraph experience, be several years before the traffic was sufficiently increased to make up the same revenue. In the meantime the revenue would not be increased, but, on the contrary, diminished. If, therefore, as represented by Canada, the chief promoter of the scheme, the primary object is to facilitate telegraphic communication between Australasia and Canada, I think I am abundantly justified in stating that this motive is wholly inadequate and insufficient to warrant the construction of a Pacific cable; nor can I believe that the people of Canada will be benefited by being taxed for such an object on such inadequate grounds, however much the scheme may profit individuals.

10. Deferring for a moment the consideration of the object of an alternative route, I desire, in reference to the 12th paragraph of Your Lordship's letter, to remind you that the tariff to Australia was raised to its present rate at the urgent request of the Australasian Colonies, and this appears to me to disentitle those colonies to press at the present time for a reduction without taking part in the loss which it would occasion. Such a claim seems inconsistent with good faith in view of the subsistent agreement between the telegraph companies and the Australasian Colonies fixing the tariff at 4s. 9d. per word.

11. As to the 13th paragraph, it is true that the companies' chief objection is to the granting by Her Majesty's Government of a subsidy or other pecuniary aid in order to establish Government competition with their system, which, as pioneers, they have created at considerable risk, and by the expenditure of many millions of British capital, to the great benefit of the Empire. Such a course, I submit, is entirely at variance with the principles upon which the Government has hitherto acted.

The late Mr. Baikes, when Postmaster-General, stated, with regard to the Pacific-cable scheme, that "it would be without precedent for the English Government itself to become interested in such a scheme in such a way as to constitute itself a competitor with existing commercial enterprises carried on by citizens of the British Empire. There would be a very serious question raised, and it will probably extend to other forms of British enterprise—for example, railways."

Mr. Leonard Courtney, when Secretary to the Treasury, also wrote, "It would be highly inexpedient to encourage, upon light grounds, competition against a company in the position of the Eastern Telegraph Company, which has embarked large capital in existing lines."

The permanent official representing the Post Office before the Pacific Cable Committee confirmed this evidence by stating "that there was no precedent for the Imperial Government alone, or the Imperial Government associated with the colonies, managing or seeking business for a line of this kind."

12. With regard to the 15th paragraph, the same official stated that competition between Government Telegraph Departments was contrary to the terms of the International Telegraph Convention, and that "it might afford another ground for complaint on the part of the existing companies that the Government would be acting contrary to the terms of the spirit of the International Telegraph Convention."

13. I learn, however, from the 10th and 11th paragraphs of Your Lordship's letter, that, whether or not the grounds urged by the colonies are adequate or justifiable, Her Majesty's Government have decided to support the project, "as providing an alternative route wholly under British control to the Australasian Colonies, and also, in case of emergency, to the East." It is, however, admitted by your letter "that another route *via* the Cape would offer greater advantages from a purely strategic point of view," and that route would certainly offer greater commercial advantages, since the traffic between the Cape and Australasia is four times larger than that between Canada and Australasia.

14. The inducement to Her Majesty's Government to adopt the less advantageous route by the Pacific appears to be that the representatives of Canada prefer, and to offer to contribute to, that scheme. I have already pointed out the insignificance of the Canadian-Australasian traffic. Your Lordship, however, appears to be labouring under a misapprehension in stating that "the colonies interested decline to lend any support to a cable by the Cape route," as some of the Australasian Colonies have already indicated preference for that route, and others would, I believe, be willing to support it if coupled with a reduction of rates. The companies have already intimated their willingness to make such a reduction on fair terms, even before the expiration of the subsisting tariff agreement. It appears, therefore, premature, at least, for Her Majesty's Government to favour the least advantageous route on the assumption that a Cape cable would receive no support from the Australasian Colonies; but, in order to meet this difficulty, the companies are now prepared to provide cable communication between the Cape and Australia without requiring any pecuniary assistance from either the colonies or Her Majesty's Government; and, as you are aware, proposals by the companies for laying an additional cable between this country and the Cape have been for more than two years under the consideration of Her Majesty's Government.

15. In estimating the cost of the Pacific scheme, Her Majesty's Government must, I respectfully submit, take into consideration the fact that if that scheme is carried out claims for compensation will undoubtedly be made both on behalf of the South Australian Government and of the companies. The ground on which the companies' claim will be based is precisely that which was acknowledged by Her Majesty's Government in the case of the acquisition of the inland telegraphs and Channel cables above referred to.

16. I am glad to observe in paragraph 19 of Your Lordship's letter that the duty of the Government is recognised to avoid unnecessary injury to the interests of the shareholders of the telegraph companies by the working of the Pacific cable, should it ever be laid. A first element of such duty would be to secure to the companies the power of equal competition for the European-Australasian traffic, and this would necessarily comprise the right to collect and deliver their international messages in Australasia in the same manner as prevails in this country, otherwise the companies would be entirely dependent upon the offices of their competitors for the collection and delivery of their international traffic in Australasia.

17. With regard to the 20th paragraph of Your Lordship's letter, I have already pointed out the fallacy of supposing that there will be a large development of revenue arising from the traffic between Canada and the United States and Australasia, or that the lowering of rates will immediately increase the general revenue arising from the Australasian traffic. I am at a loss to understand the statement in this paragraph that "it is from these sources" (really non-existent) "rather than by any diversion of business from the Eastern Extension Company that the new cable will look for employment, and that there is no intention of working the new cable on other than commercial lines, and at remunerative rates." If Her Majesty's Government really imagines that the traffic between Canada and the United States of America and Australasia, together with the increased volume of business which a reasonable lowering of rates is expected to produce, can give remunerative employment to a Pacific cable, this is an absolute delusion; for the report of the Committee avows that, even with the diversion of between one-third and one-half of the companies' European-Australasian traffic, and the estimated—and, indeed, overestimated—annual increase of 10 per cent. (which my former letter showed to be greatly exaggerated), no profit, taking into consideration the necessity for a duplicate cable, can be expected from the scheme for at least ten years—even with the aid of Her Majesty's Government in raising the money at $2\frac{1}{2}$ or $2\frac{3}{4}$ per cent. Such a scheme, I submit, is not framed on commercial lines.

18. If the Pacific-cable scheme is carried out as now threatened by Government capital regardless of profit or loss, and so as to deprive the companies (as the promoters and Committee avow it is intended to do) of from one-third to one-half of their European-Australasian traffic; and if beyond this a large reduction of tariff is forced upon them, inflicting a further loss; and if with all this loss the working-expenses are not reduced, but, on the contrary, augmented by the increased volume of traffic—what prospect is there of the companies being able long to withstand a competition carried on on such unequal and unprecedented terms? How, moreover, could the companies then form and maintain a reserve fund necessary for the maintenance and renewal of their lines, or for the necessary extensions required by commerce; which reserve fund, however, the last paragraph of Your Lordship's letter, in disregard of telegraph experience, appears to consider superfluous, and, at all events, which the Government seems to ignore? Further, it would be difficult, if the principle of Government-owned cables were once adopted for Australia, for future Governments to refuse similar facilities to other colonies and dependencies of the British Empire. I cannot conceal from myself the grave danger to the companies which these proposals entail, and I am convinced it will be little for the benefit either of Her Majesty's Government or of the Empire if, by this unprecedented and, as I submit, unfair competition, one of the most widely beneficial enterprises this century has seen should be unjustly crushed.

19. Mr. Chamberlain, when receiving the companies' deputation, expressed the opinion that the companies' fear that the Government was entering into this competition without regard to its own profit or loss was entirely groundless. I respectfully submit that I have shown the contrary. Mr. Chamberlain concluded by saying, "If any Government were mad enough, or the House of Commons were inclined to allow any Government, to spend the money of the taxpayers in order to enter into a violent competition for the purpose of destroying a private industry, then, no doubt, your position would be a dangerous one; but that idea appears to me to be wholly chimerical. The Government is not at all likely to do that. If any Chancellor of the Exchequer were found weak enough to allow it, the House of Commons would step in and prevent it."

I regret that I cannot believe that these fears are chimerical, and can only hope that the Chancellor of the Exchequer, or the House of Commons, will prevent a competition so disastrous and unjust.

The Right Hon. the Earl of Selborne, P.C., &c.,
Under-Secretary of State for the Colonies.

I have, &c.,

TWEEDDALE, Chairman.

No. 58.

The AGENT-GENERAL to the Hon. the PREMIER.

Westminster Chambers, 13, Victoria Street, London, S.W.,

2nd August, 1899.

(Memorandum.)

PACIFIC CABLE: Referring to my memorandum of the 29th ultimo, I beg herewith to enclose duplicate copies of the letter from the Colonial Office to the Marquis of Tweeddale, dated 10th July, and of His Lordship's reply of 19th July. I take this opportunity of enclosing copy of the Eastern Telegraph Company's letter to the Marquis of Salisbury, of the 17th May last, which is referred to in the Colonial Office letter of 10th July.

WALTER KENNAWAY (for the Agent-General).

The Hon. the Premier, Wellington.

Enclosure in No. 58.

The Marquis of TWEEDDALE to the Marquis of SALISBURY.

Eastern Telegraph Company (Limited) and Eastern Extension, Australasia, and China
Telegraph Company (Limited), Winchester House, 50, Old Broad Street,

MY LORD MARQUIS,—

London, E.C., 17th May, 1899.

Referring to the letter addressed by the Colonial Office to the Agents-General for the Australasian Colonies and the High Commissioner for Canada on the 28th ultimo [Enclosure in No. 42, F.—8, 1899], and which has recently been published, in relation to the all-British Pacific-cable project, I desire respectfully to submit to Your Lordship the very grave objections which the Eastern and Eastern Extension Telegraph Companies entertain to the proposals contained in that letter.

I do not, of course, question the right of Her Majesty's Government to make any arrangements required in the interests of the Empire, whatever effect such arrangements may have upon private enterprise—always assuming that due compensation will be made for interference with private rights—but I venture to point out that the grounds upon which the proposals contained in the letter are based appear to be a departure from the principles hitherto acted upon by Her Majesty's Government, and that the reasons by which that departure has been sought to be justified are wholly inadequate.

I would remind Your Lordship that Her Majesty's Postal and Telegraph Department has hitherto always acted upon the principle of alliance, and not interference, with private enterprise; and I beg to draw your attention to the language used by Mr. Raikes and Mr. Fawcett, when Post-masters-General, and by Mr. Lamb, to show that the arrangements now contemplated are without precedent (Pacific Cable Committee Proceedings: Questions 1930, 2216 to 2221, 2230 and 2231.) [Not printed: presented to British Parliament, April, 1899.]

In this connection I would venture to observe that there is no difference in principle between Her Majesty's Government entering into direct competition with a private company and subsidising colonial Governments to enable those Governments to embark in such competition.

But I especially desire to urge upon Your Lordship the absolute inadequacy of the grounds upon which this serious interference with private enterprise is based. The all-British Pacific cable is stated to be required, primarily, to facilitate telegraphic communication between Australia and Canada; and, secondarily, the Australasian Governments expect indirectly to obtain by it a reduction of the cable charges. The total Australasian cable traffic was reported by the Committee to be about 1,860,000 words per annum.

Now, the only evidence laid before the Committee with regard to the cable traffic between Canada and Australasia was that in September, 1896, the number of messages exchanged between the two countries was thirty-five. This at an average of thirteen words to a message would represent 5,460 words per annum, which at the present tariff of about 6s. 3d. per word would amount to £1,706 per annum. For this trifling traffic it is proposed that the Imperial Government should give a guarantee of £20,000 a year; and the Canadian Government even urges the Imperial Government to provide a capital sum of, roundly, half a million sterling, and proposes itself to expend a similar amount. The Australasian traffic with the United States, according to the same evidence, may amount to about 100,000 words per annum, but even this—which is only about 5 per cent. of the Australasian traffic—is in itself wholly inadequate to justify the laying of a Pacific cable.

It should also be remembered that the Australasian Colonies are by no means unanimous in support of the Pacific-cable project, and that South Australia submitted to the Committee a

claim for compensation in the event of the scheme being carried out and resulting in loss to that colony. The main motive of those Australasian Colonies who advocate the scheme is the expected reduction of tariff; but this, I submit, they are not entitled to claim under the circumstances.

As Your Lordship is well aware, the Eastern and Eastern Extension Companies have expended millions of British capital in providing telegraphic communication between this country and the East, and this outlay was made, and the cables laid with considerable difficulty and risk, without any financial assistance from Her Majesty's Government.

Having regard to this outlay, the tariff between Europe and Australia was, in 1886, fixed at 9s. 4d. per word, and when the traffic had somewhat developed certain of the Australasian Governments negotiated with the companies for a reduction of tariff to 4s. per word (questions 1786 to 1796). The companies agreed to the reduction on condition that they were partially guaranteed against excessive loss arising from it, and the Australasian Governments entered into a guarantee to make good to the companies one-half of any loss in consideration of the tariff being reduced to 4s. per word. The reduced tariff was brought into operation on the 1st May, 1891, but the loss from the reduction was found to be so great that the Australasian Governments very soon requested the companies to raise the tariff to its present amount of 4s. 9d. per word in order to reduce the sum payable under their guarantee. The companies were quite willing to try the experiment for a longer period, and, indeed, endeavoured to induce the colonies to maintain the 4s. rate; but the colonies insisted upon the tariff being raised, and the companies had no option but to reluctantly acquiesce in that retrograde course. The agreement under which the tariff was fixed at 4s. 9d. per word has another year to run before the arrangement comes to an end; but even at this figure of 4s. 9d. the tariff is one of the cheapest in the world in proportion to distance. It was, moreover, proved before the Committee (questions 2230 and 2510) that the British Government had never granted subsidies for the purpose of reducing rates, and in this instance especially I submit that it would be unfair to do so.

There is a further dominant motive which the colonies, and especially the Dominion of Canada, can scarcely avow. The colonies have been persuaded, not wholly by disinterested influences, that even a half or one-third of the European-Australasian traffic now carried by the Eastern and Eastern Extension Companies would, if diverted from these companies, be sufficient to yield a profit upon the estimated expenditure for a Pacific cable; and they desire to divert from the companies as much as possible of their gross income from the European-Australasian traffic for their own profit, and this under the plea that it is necessary for the improvement or development of the inconsiderable traffic between Australasia and America. I am advised that the experiment of a Pacific cable carried out as proposed, *via* Fanning Island, would be attended by considerable risk, and be of very doubtful commercial value. In this connection I may perhaps be allowed to mention that instead of showing an annual increase of 10 per cent., as estimated by the Committee in their calculations of revenue, the Australasian traffic for 1898 shows a decrease in words of 6.52 per cent. as compared with the traffic of 1897, while the traffic for the year 1897 showed a falling-off of 8.80 per cent. as compared with 1896; but be this as it may, I submit that the motive thus baldly stated is not one which the Imperial Government should sanction or approve.

Your Lordship will doubtless have considered, in connection with this subject, the advantages which the Empire might secure by an alternate cable route between Great Britain and Australia; but I think I am well founded in the belief that the naval, military, and other technical advisers of the Government consider that the route suggested by the companies for an all-British cable, *via* the Cape of Good Hope, would be far better both for strategic and commercial purposes than the all-British Pacific project. The Cape route is a practicable one, adapted to Imperial requirements, and the companies some two years ago submitted to Her Majesty's Government a proposal for providing this alternate communication on very moderate terms.

I would respectfully urge on the part of the companies that Her Majesty's Government ought not to give their sanction and preference to a less advantageous project on any such inadequate grounds as those to which I have adverted. Moreover, it was stated by the Committee that the Pacific scheme would not be an entirely all-British route, because the communication from Great Britain to Canada would be either by an American cable in connection with Canadian land-lines or by an English cable connected with American land-lines.

If, however, for reasons unknown to me, Her Majesty's Government ultimately decide to support the Pacific scheme, the companies would, as they stated to the Committee, be quite willing to undertake to establish a Pacific cable on reasonable terms, provided that the cable can be laid *via* Honolulu. The objection that such route would not be all-British is, I submit, more sentimental than real, inasmuch as the Vancouver-Great Britain section would, as has been pointed out by the Committee, not be an all-British route. The acceptance of this proposal would avoid claims for compensation which the Pacific scheme, if carried out, would necessarily give rise to, and would also avoid the imputation of unfairness on the part of the British Government in contravention of all precedents.

In this country, whose prosperity has been built up by the energy of private enterprise, I venture to hope that Your Lordship will not sanction any deviation from the important principle of non-competition by the State with private enterprise. Such competition is, moreover, opposed to the whole spirit of the International Telegraph Convention.

I need not advert to the efficient manner in which the companies' service is conducted (their cables having been duplicated throughout, and in places triplicated and quadruplicated), since this was admitted before the Committee; nor need I refer to the important services which the companies have at various times, and on critical occasions, been able to render to Her Majesty's Government, as this was also admitted by the witnesses and by the Committee. If the companies do not claim favour on this account, they are at least entitled to justice, and it is an appeal to justice that I thus venture to make to Your Lordship.

The Most Hon. the Marquis of Salisbury, K.G., &c.

I have, &c.,

TWEEDDALE, Chairman.

No. 111.

The Hon. the PREMIER, Wellington, to the Hon. the PREMIER, Sydney.

(Telegram.)

Wellington, 25th October, 1899.

As you are aware, Parliament has passed Pacific Cable Act. Understand strong pressure been brought bear to grant concessions to Eastern Telegraph Company. To do so would materially affect colonies guaranteeing Pacific cable, and, if conceded, New Zealand will hold itself free consider situation, for inevitable that concessions, if granted, will increase contributions from Pacific-cable guarantors.

No. 112.

The Hon. the POSTMASTER-GENERAL, Wellington, to the Hon. the POSTMASTER-GENERAL, Melbourne.

(Telegram.)

Wellington, 26th October, 1899.

PACIFIC CABLE : Wired Crick yesterday.

No. 118.

The SECRETARY of STATE, Ottawa, to the Hon. the PREMIER, Wellington.

SIR,—

Ottawa, 30th November, 1899.

I have the honour to transmit, for the information of your Government, the enclosed recent correspondence on the subject of the Pacific cable.

As the Canadian Government is jointly interested with your Government in the success of the proposed undertaking, I would invite attention to the terms of the new proposal of the Eastern Extension Company referred to in the enclosed, and especially to the necessity of imposing such conditions as will best guard the common interests of the several Governments and the British public generally in any agreement which may be entered into with that company.

I have, &c.,

The Hon. the Premier, Wellington.

R. W. SCOTT.

Enclosures in No. 118.

THREE LETTERS ON the PACIFIC CABLE : By Sir SANDFORD FLEMING.

(1st July, 1899.) To the Hon. J. Israel Tarte, Minister of Public Works, narrating facts bearing on the influence exercised by the Eastern Extension Company, previous to July, 1899, to frustrate the project.

(5th September, 1899.) To Sir Wilfrid Laurier, referring to the new policy of the Home Government, announced to the High Commissioner for Canada and the Agents-General for Australasia on the 4th July, 1899; the terms of the proposal, and the delay anticipated therefrom.

(15th November, 1899.) To the Right Hon. Sir Wilfrid Laurier, referring to the new proposal of the Eastern Extension Company to lay a cable across the Indian Ocean, the effect of the proposal on Canadian as well as British interests, and urging that the right be reserved to bring that undertaking under State control.

Enclosure No. 1.

Sir SANDFORD FLEMING to the Hon. J. ISRAEL TARTE.

SIR,—

S.S. "Montfort," at Sea, 1st July, 1899.

I feel it to be my duty, under the Order in Council in pursuance of which I am now accompanying you to England, to submit for your information some facts bearing on the efforts of Canada, Australia, and New Zealand to establish a Pacific cable, the hostility of the Eastern Extension Telegraph Company, and the attitude of the Home Government in relation thereto.

Canada, Australasia, and New Zealand have long desired and long endeavoured to be connected telegraphically by a Pacific cable.

Every effort put forward to accomplish the desired end has met with determined opposition on the part of the Eastern Extension Company, a powerful financial organization, with great influence in official quarters. The hostility of this company is due to the fact that it enjoys a rich monopoly, which, incidentally, would be interfered with by the establishment of the Pacific cable as a national work. The company has no appreciation of the great Imperial ends to be served by the projected telegraph; it regards only its own profits. Its design has always been to thwart Canada and Australasia in their efforts to establish the cable, and in frustrating their efforts to strengthen and, if possible, perpetuate the monopoly.

In the following pages will be narrated some of the means taken to defeat the establishment of the Pacific cable. It is unpleasant to think that the Home Government, or those acting for the Home Government, have been less in sympathy with the aims and aspirations of Canada and the Australasian Colonies than with those of the Eastern Extension Company, but it is difficult to see that the evidence of facts leads to any other conclusion.

In consequence of the facts which have come to light—some of which will be cited—an impression prevails that the Home Government has not acted fairly to Canada and the Australasian Colonies, but has regarded the interests of the Eastern Extension Company as paramount. The feeling on this point in part found expression in the Canadian Senate, on the 8th April last, in a

discussion in which the Hon. David Mills, Minister of Justice, the Hon. R. W. Scott, Secretary of State, and the Hon. Sir Mackenzie Bowell took part. Wherever the responsibility may rest, the fact remains that the Pacific cable has been long delayed and, when laid, its cost will be greatly enhanced, without any corresponding increase in efficiency.

There are many circumstances that have given rise to the prevailing impression that the Home authorities have unduly favoured the monopoly in its opposition to Canada and the Australian Colonies. Among these may be mentioned the circumstances connected with the nautical survey, as they are given in the report of his mission to Australia by the Minister of Trade and Commerce. (See report laid before Canadian Parliament, 1894, p. 106.) [Enclosure 1 in No. 4, F.-5, 1894.] The facts in brief are these:—

“From the first a Pacific cable had been declared to be impracticable by the Eastern Extension Company, owing, as alleged by them, to insuperable physical difficulties existing on the route. To remove all doubts, it was deemed expedient to obtain an exact survey, and in order to invest the project with public confidence it was important to have an examination made by the highest nautical authority. The Admiralty was appealed to, and for several years the matter was urged upon the Home Government, Canada offering to contribute half the cost. But no result followed. At the Colonial Conference of 1887 the matter was discussed, and a resolution unanimously passed requesting that the survey be at once undertaken. Correspondence followed, in which the Australasian Governments offered to share in the expense. A year afterwards a surveying-ship was directed to make some hydrographic examinations; but, under the instructions given, many years would elapse before the work could be completed. Requests were made to have the survey accelerated, but without avail. In 1890 the cables of the Eastern Extension Company were broken, when the whole of the Australian Colonies were isolated telegraphically for a considerable time. This circumstance pointed to the extreme importance of pushing forward the nautical survey, so as to hasten the establishment of an alternative line from Australia to Great Britain by way of the Pacific. The colonies again and again urged that the survey should be accelerated; but the request was unheeded. Instead of being accelerated it was stopped, without any reason being given. As a matter of fact (as was ascertained long afterwards), the ship was withdrawn from the work in September, 1890, and the discontinuance of the survey was not made known to Canada and the colonies until 1894.

“In 1893, the Parliaments of Canada and New South Wales having each voted a subsidy towards establishing a steamship service between British Columbia and the Australasian Colonies, the Government of Canada ‘deeming it important to take prompt and effective steps for the stimulation of closer trade relations between Canada and Australasia,’ on the 7th September, 1893, an Order in Council was passed requesting the Minister of Trade and Commerce to proceed to Australia to confer with the several Governments, with a view to promote the extension of trade and the establishment of the Pacific cable. On the 11th September the Colonial Office, London, was informed of the intended mission of the Canadian Minister, and requested to promote the object of his mission. The Minister sailed from British Columbia on the 17th September. Two days before he sailed—that is to say, on 15th September—despatches were sent from the Colonial Office to each of the Australasian Governments containing only documents adverse to the Pacific cable. These consisted of a letter from the General Post Office, London, dated the 5th July, 1893, and a report by the Hydrographer, dated the 28th February, 1887. (See Mission to Australia, p. 79.) [Not printed. See Enclosure 1 in No. 3, F.-5, 1894.]

“The Minister reached Australia, and had conferences on the following dates, viz.: With the Government of New South Wales, 11th October, 1893; with the Government of Queensland, 20th October, 1893; with the Government of Victoria, 30th October, 1893; and with the Government of South Australia, 2nd November, 1893. These several Governments had received copies of the antagonistic documents before the arrival of the Canadian Minister, and, as he points out in his report, these documents were not helpful to his mission.”

Again, while the Canadian Minister was in Australia, engaged in the above conferences with the Australasian Governments on the subject of cable connection, an agreement designed to strengthen the monopoly of the Eastern Extension Company was entered into by the Secretary of State for the Colonies. This agreement, bearing date the 28th October, 1893, practically excludes Canada or any Australasian colony from establishing telegraphic connection with Asia (without the intervention of the Home Government) for a period which does not expire until the 28th October, 1918. A copy of this agreement will be found in the return of papers on the Pacific cable recently laid before the Canadian Parliament. [See Appendix A.]

These facts are well known, and they give ground for the fear that the Home authorities have not been in sympathy with the legitimate aims of Canada and the Australasian Colonies in respect to the Pacific cable; moreover, they appear to throw light on the inexplicable policy followed about the same period in another matter of great importance in connection with the proposed cable.

To connect Canada and Australasia telegraphically mid-ocean stations are absolutely necessary, and for a national line of communication it is indispensable that these stations be in the possession of Great Britain. The nearest island to Canada under the British flag is Fanning Island. But its distance from British Columbia is very great, involving the laying of a cable considerably longer than any yet laid in any part of the globe. In the adverse documents which confronted the Canadian Minister when he reached Australia grave doubts are expressed as to whether the Vancouver-Fanning Island section could be laid or maintained. These doubts added to the very great importance of securing a landing-station less distant than Fanning Island from British Columbia. In the voyage of the Canadian Minister of Trade and Commerce to Australia, in September, 1893, it was discovered that a mid-ocean station eight hundred miles nearer Vancouver than Fanning Island was available. There exists in the middle of the ocean, on a direct course between British Columbia and Queensland, a small, uninhabited, rocky island, with an area of about one-tenth of a square mile. It had up to that period been regarded as too insignificant for

ownership by any Power. This little islet is known as Necker Island. It is situated four hundred miles westward from Honolulu, and was not then included in the Hawaiian group. Other islands had been claimed by Hawaii as appanages, but Necker Island was not included. Indeed, until the following year, when it was visited by Hawaiians for the first time and taken possession of by the Hawaiian Government, it was entirely open to the British Government to take possession of it.

Every inquiry, at Honolulu, during the Minister's visit in 1893, having satisfied him and the resident British Commissioner that Necker Island was unclaimed by Hawaii, or by any Power, a memorandum was sent to the British Government pointing out its singularly commanding geographical position for telegraphic purposes, and as possibly it was of vital importance to secure it as a landing-station for the Pacific cable, it was strongly recommended that it be immediately taken possession of in the name of Her Majesty.

The circumstances respecting the availability of Necker Island were, without loss of time, made known by the Minister of Trade and Commerce to the Governments of Canada, New South Wales, Victoria, and Queensland. Each of these Governments was convinced of its great utility, and in October, 1893, sent instructions to its respective High Commissioner or Agent-General in London to urge upon the Home Government the advisability of immediate action being taken in securing possession of this unclaimed islet for the purpose of making it a landing-station for the Pacific cable. The Australian Governments, as well as the Canadian Minister of Trade and Commerce, having read the despatches above mentioned, recently transmitted by the Colonial Office, were impressed with the alleged impracticability of the Fanning Island route, and looked upon the possession of Necker Island as vital. It was accordingly arranged that I should proceed from Australia to London, with the special object of leaving nothing undone to secure its possession.

I reached London before January, 1894. It could not be learned that any steps had been taken toward the acquisition of the island. Application was made to the Colonial Secretary for an interview on the subject. After some delay a day was named—the 12th January. The Agents-General for New South Wales, Victoria, Queensland, and New Zealand, with the High Commissioner and other gentlemen representing Canada, were present, as authorised by the respective Governments. Each one present supported the representations that no time should be lost in securing the Islet of Necker as a British possession. A memorandum, which had been drawn up by me, fully describing the facts respecting it, was read to the Colonial Secretary and left in his hands. A copy of the memorandum follows:—

Note in reference to Necker Island and the Vital Importance of securing this Island as a Mid-Pacific Telegraph-station.

1. The question of a Pacific cable to connect the sister colonies of Australasia with Canada has long been before the public. It received special attention at the Colonial Conference of 1887. In the despatch of the late Mr. Stanhope, 26th November, 1886, summoning the Conference, the Colonial Minister dwelt on postal and telegraph inter-communication as essential to the consolidation of the Empire. He referred to it as "a great question," and reproduced the words in the Queen's speech at the prorogation of Parliament, expressing the conviction of Her Majesty "that there is on all sides a growing desire to draw closer in every practicable way the bonds which unite the various portions of the Empire."

2. The proceedings of the Conference show that great prominence was given to the question by the Chairman in his opening address and by delegates in discussions, and that at the close of the Conference a resolution was unanimously passed declaring that "the connection of Canada with Australia by direct submarine telegraph across the Pacific is a project of high importance to the Empire."

3. Since the Colonial Conference many efforts have been made to induce the Home Government to take some step which would practically advance the Pacific cable. Recently it has been felt in Canada and Australia that the time has arrived when the telegraphic connection should be formed. The Postal and Telegraph Conference of the Australian Colonies met in March last, and passed a resolution to that effect.

4. The Governments of Queensland and New South Wales, impatient of delay and wearied waiting for assistance from the Home Government, accepted the offer of a French company to lay a cable to New Caledonia, which its projectors intended should form the first link of eight hundred miles in a cable across the Pacific to the coast of North America.

5. The Canadian Government, in September last, sent the Hon. Mackenzie Bowell, Minister of Trade and Commerce, as a delegate to Australia for the purpose of exchanging views upon matters of trade and telegraph connection between the colonies and the Dominion. The undersigned accompanied Mr. Bowell, and, after carefully considering all the facts and circumstances, prepared a memorandum, dated 11th October [No. 1, Appendix G, F.-2, 1894], which Mr. Bowell brought to the notice of the several Governments for their information and consideration.

6. The Governor-General of Canada forwarded, on the 9th January, 1893, an approved minute of Privy Council, submitting to the Home Government correspondence advocating the appointment of a special Commission to inquire into the most feasible means of completing the telegraph system of the Empire. The Colonial Secretary (Lord Ripon), in his reply of the 22nd March, stated, among other things, that Her Majesty's Government "take a great interest in this matter, and would welcome any proposal which would afford a practical solution of a question which is of considerable importance to the Empire from a strategical point of view."

7. It is respectfully submitted that the memorandum of the 11th October submitted by Mr. Bowell to the Australian Governments formulates a solution of the question as it now stands. This solution was favourably received in all the colonies, and commented on in the Press as a clear and practicable exposition of a scheme for establishing an essentially British cable across the Pacific.

8. The Governments of Queensland and New South Wales, although parties to the laying of the New Caledonia cable by a French company [see Nos. 38 *et seq.* F.-5, 1893], have signified their preference for a British cable, and are prepared to join hands with the Dominion and their sister colonies in establishing a telegraph to Canada independent of foreign connections.

9. One of the first essentials to the establishment of a British trans-Pacific telegraph is the possession, at suitable intervals, of mid-ocean stations. In the South Pacific, Great Britain has taken possession of a sufficient number of islands for mid-stations, but in the North Pacific there are singularly few islands available.

10. The Hawaiian group of islands are the nearest to Canada, and until recently it was believed that on one of them a landing-place could be secured on neutral soil. These islands are not, however, within British influence, and their political future is a matter of doubt and uncertainty.

11. Outside the Hawaiian group, the nearest and only islands in any way suitable for the purpose of a mid-ocean station are Necker and Fanning Islands. The former occupies a position eight hundred miles nearer Vancouver than the latter. Fanning Island is, however, the only one of the two which up to the present date has been formally made a British possession.

12. In a communication from the Postmaster-General to the Secretary of State for the Colonies, dated the 5th July last year, it is stated that the Engineer-in-Chief of the Post Office Department takes an unfavourable view

of the laying of a cable from Vancouver to Fanning Island, owing to the distance. Such a length of cable has never yet been laid; and, in his opinion, "it may well be doubted. . . . whether, with existing appliances, the Vancouver-Fanning section could be either laid or maintained." If this opinion has weight, it adds enormously to the importance of Necker Island, to which the same objection does not apply.

18. In crossing the Pacific in September last, the undersigned made careful inquiry regarding Necker Island. It is a small, rocky, treeless spot in the middle of the ocean, less than three-quarters of a mile long and 1,000 ft. broad, with an extreme elevation of 280 ft. Further particulars are given in a memorandum, dated Honolulu, 23rd September, in the possession of the Government. Necker Island is particularly valueless for any ordinary purpose; its geographical position only gives it importance as a desirable point for landing a submarine cable between Canada and Australia.

14. Inquiries at Honolulu further elicited the information that Necker Island is unoccupied, and unclaimed by any maritime Power; that the late King, with the ambitious view of forming an oceanic empire, issued some years back a Proclamation claiming as appanages of the Hawaiian Kingdom all the islands of the Pacific. This Proclamation, has, however, never been recognised by other nations, and France, Germany, and Great Britain have since it was issued taken possession of such of the Pacific Islands as they each deemed expedient. It was further learned at Honolulu that Necker Island is entirely beyond the legitimate sphere of the Hawaiian Kingdom, and that the claim set up by the late King is considered untenable.

15. Everything goes to show that the establishment of a telegraph across the Pacific cannot much longer be postponed. The mere fact that two of the colonies grasped at the prospect of being telegraphically connected with North America, even by a foreign company, gives some indication of the demand for a Pacific cable in Australia. A sufficient proof of its necessity is furnished in the stranding of one of the first steamers on the Canada-Australia line, and the long suspense in learning the cause of the disaster, with the accompanying anxiety as to the fate of passengers and crew. The strongest possible feeling exists in Canada and Australia that the Pacific cable should be in every respect British, and the memorandum submitted by Mr. Bowell to the Australian Governments clearly points out that the colonies and Canada can establish a British cable without drawing on the Imperial Exchequer. It is necessary, however, to have mid-ocean stations at suitable points; and the one point on the whole route not taken possession of in the name of Her Majesty is Necker Island. The possession of Necker Island is indispensable, if the views of the highest electrical authority in the service of the Imperial Government are well founded. While the undersigned is unable to indorse the views of this authority, he is bound to respect the source from which they come; and obviously great importance is attached to them by the Home Government, as they were forwarded for the information of the colonies by the Colonial Minister in September last. If the opinions of this Imperial officer be sound, there can be but one conclusion, and that is: no British cable can be laid across the Pacific without the possession of Necker Island, and the colonies and Canada may be driven to the alternative of landing the telegraph on foreign soil (as in the case of the New Caledonian cable), thus abandoning the strategical advantages of a trans-Pacific telegraph essentially British, and the assurance it would give of strengthening Britannic unity in the outer Empire. Necker Island can only be secured by the action of the Home authorities, and the way to its possession is as simple and as clear as in the case of other islands in the Pacific on which the British flag has been raised within the past few years.

The undersigned renews the recommendation strongly expressed in the memorandum forwarded from Honolulu by the Canadian Minister of Trade and Commerce and by the resident British Minister on the 23rd of September last [not printed: but see Appendix G, F.-2, 1894; F.-5, F.-5A, and F.-5B, 1894].

London, 12th January, 1894.

SANDFORD FLEMING.

The Colonial Secretary (the Marquis of Ripon) expressed the deep interest he felt in the matter. He assured those present that he would immediately confer with the Foreign Minister, and impress upon him the urgent necessity of prompt action.

Month after month passed, during which the Imperial authorities were frequently reminded of the vital importance of securing the island for a mid-Pacific telegraph-station. At last it became known in Honolulu, toward the end of May, that Necker Island possessed a certain value for trans-Pacific cable purposes, and the Hawaiian Government immediately despatched an expedition to take possession of it. A landing was effected on 27th May, 1894, and the Hawaiian flag raised. Until that date there is no record of any person whatever having landed on the treeless and inhospitable rock in the middle of the ocean.

The loss of Necker Island as a possible mid-ocean stepping-stone for a telegraph between Canada and Australia was felt by some persons, and doubtless hoped by the Eastern Extension Company, to mark the demise of the project of a Pacific cable. Efforts were, however, immediately made by the Canadian Government—(1) to obtain a suitable island from the Hawaiian Republic, (2) to ascertain if it would be practicable to lay and work a cable to the least distant British island from Canada (Fanning Island). The first effort proved unsuccessful; the second, however, established that it was still practicable to connect Canada and Australasia telegraphically, but at an increased cost.

The tenders received by the Government of Canada, in 1894, for establishing a cable, including its maintenance for three years, showed that a cable by Necker Island would cost £1,068,000, a cable by Fanning Island would cost £1,517,000, the difference being £449,000 in favour of the Necker Island route. Owing to the increased cost of copper and guttapercha, it will now probably cost 10 to 12 per cent. more than in 1894 to manufacture cables. As a consequence, the Pacific cable (by Fanning Island) will require fully £500,000 more capital to establish than if Necker Island had been placed under the British flag.

Obviously it has not been the fault of Canada or the Australasian Colonies that Necker Island is not a British possession. Had the earnest entreaties been regarded it could easily have been secured by the Home Government in 1893 or in the early part of 1894. The Home authorities, however, adopted a different policy, and, in consequence, it will cost half a million pounds additional capital to lay the cable. Moreover, when laid, owing to an increased length of 800 miles given to the longest section, the commercial value of the whole line will be considerably lessened.

The Eastern Extension Company's desire being to frustrate the laying of the Pacific cable, naturally welcome delay, and do everything in their power to prevent steps being taken to further the project. That the wishes of the company have to a remarkable extent been gratified cannot be denied, for there has been great and seemingly needless delay from year to year.

As an outcome of the Ottawa Colonial Conference of 1894 it was proposed to have a Commission appointed for the purpose of inquiring into all matters relating to the project, and to report on the best means of carrying it out. After much correspondence the proposal was assented to by all the Governments concerned, and their representatives assembled in committee in London in June, 1896. They completed their labours by the end of that year, and on the 5th January, 1897, their report was signed. It contained information desired by the public in the United Kingdom,

in Canada, in Australia, and in New Zealand. It was frequently asked for in the several Parliaments, but, for some unknown reason, Parliaments and people were kept in the dark for twenty-eight months. Before the report of the committee was made public, in May, 1899, surprise, widespread regret, and disappointment was caused when the contents of a despatch from Downing Street, of date 26th April, 1899, was made known.

This despatch appears on page 87 of blue-book [see Appendix B]; its contents were referred to in the London *Times* of 27th April, and a few days afterwards it was noticed in the Canadian Press. As one who has given some attention to the project of a Pacific cable, I made bold to address letters to the Secretary of State and the public on the 5th May, 1899 [see Appendix C], and expressed the view that it was impossible to believe that the despatch to the Governor-General of the 26th April conveyed the full or final judgment of Her Majesty's Government, for several very strong reasons, which, with the grounds on which they are based, are submitted at length in my letter (*vide* blue-book, page 88). It was pointed out that the principle of joint ownership in the undertaking was the only satisfactory plan; that it had been acquiesced in by all parties; that hesitation on the part of the Mother-country to become a partner with the colonies would be regarded in an unfavourable light; that it would seriously jeopardize the whole scheme; and that if the co-operation of the Home Government were withdrawn it would be a grave retrograde step in the movement for Imperial unity. Such was the universal opinion a few weeks back. The Home authorities had since been officially informed of the state of feeling of the Governments and peoples of Canada, Australia, and New Zealand, through the High Commissioner and Agents-General, and before we left Ottawa telegrams had been received indicating the willingness of the Home Government to reconsider the matter.

I have, &c.,

SANDFORD FLEMING.

The Hon. J. Israel Tarte, Minister of Public Works for Canada.

Enclosure No. 2.

Sir SANDFORD FLEMING to the Hon. the PRIME MINISTER of Canada.

SIR,—

Halifax, 5th September, 1899.

I wrote you from London intimating that I proposed to leave for Canada on the 14th August. On the 25th I reached Ottawa, and immediately reported my return to the Secretary of State, you being absent. I have now the honour to report on the subject of my mission to England as follows:—

The Order in Council appointing the Hon. J. Israel Tarte, Minister of Public Works, and Lord Strathcona, High Commissioner for Canada in London, Commissioners in the matter of the Pacific cable also appointed me expert adviser. This Order in Council you placed in my hands on the 21st June; on the following day I left Ottawa to join Mr. Tarte on board steamer at Montreal, and with him I proceeded to England, where we arrived on the 5th July.

It became my duty on the voyage to furnish Mr. Tarte with all the information in my possession, on the subject of the cable, which he desired. Among other things, I supplied facts and explanations respecting the hostility of the Eastern Extension Company, and the adverse influence it had exercised. It was deemed expedient that I should present the latter information in the form of a letter, in order that, if required, it would be readily available in discussions in London. When we arrived we learned that the Home Government happily had changed its attitude toward the proposed undertaking, and the anticipated discussions did not arise. For the purpose of record I append a copy of my letter to Mr. Tarte, of date the 1st July, 1899. [See Enclosure No. 1, above.]

On the 6th July Lord Strathcona informed Mr. Tarte and myself that a conference had been held two days previous at which he and the Agents-General for New South Wales, Victoria, Queensland, and New Zealand met the Colonial Secretary, Mr. Chamberlain, and the First Lord of the Treasury, Sir Michael Hicks-Beach. It was then announced by the two last-mentioned gentlemen that the Home Government had decided to unite with Canada and the Australasian Colonies in establishing the Pacific cable as a joint partnership State undertaking, and that the Imperial Treasury would arrange to provide the capital required. Lord Strathcona read to us a copy of a cablegram which had that day (the 6th July) [Enclosures in No. 54] been sent to Canada, Australia, and New Zealand in respect to the new proposal. This cablegram was afterwards confirmed by a minute of the proceedings of the conference of the 4th July. The minute was issued by the Colonial Office on the 15th July, and forwarded for the information of all the Governments concerned [not printed].

When we left Canada the position of the proposed work and the attitude of the Home Government in respect to it remained substantially as set forth in the documents relating to the Pacific cable laid before the Canadian Parliament last session. Reference is particularly had to the papers given on pages 87 to 98 [of Canadian Report: See pp. 5 *et seq.*, F.—8A, 1898]. We were greatly surprised and gratified to learn that a few hours before our arrival in England the policy of the Home Government had been entirely changed, that there was no longer any hesitation on the part of the Mother-country to become an active partner in the enterprise along with Canada and the Australasian Colonies, that the principle of joint State ownership was fully acquiesced in, that the expectations of Canada and the colonies were to be more than met, as the First Lord of the Treasury proposed to utilise the credit of the United Kingdom in providing the whole of the capital required to establish the work in a complete and satisfactory manner.

Gratifying as this information proved, the satisfaction was somewhat lessened by one part of the proposal: it is a mere detail, but a detail which, to my mind, appeared of very great importance, as it involved delay, and delays are always dangerous. It was proposed at the conference that the provisional Board of Commissioners should consist of eight members, three to be nomi-

nated by the Australasian Colonies, two by Canada, and three by the Imperial Government. I at once took exception to the number allotted to Australasia, and pointed out as there were four contributing colonies the limitation of the number of representatives on the Board to three would, in all probability, have the effect of causing serious delay, and that it might even endanger the success of the whole scheme. It was quite obvious to my mind that it would be a matter of difficulty for four Governments to agree in the selection of three representatives, and that practically it could only be done by one of the colonies consenting to remain unrepresented. I ventured to suggest that the four contributing colonies should be given one representative each, and that the representation of the Imperial and Canadian Governments should be increased proportionately.

I heard nothing in favour of eight in place of nine, ten, or eleven Commissioners, except that "a large Board is cumbrous and undesirable." While admitting that a small Board is, under ordinary circumstances, better than a large one, while recognising that a permanent Board might with advantage be reduced to less than eight, perhaps even to three, Commissioners, seeing that the duties will be chiefly of an executive character, it seemed to me of the first importance to have the provisional Board speedily constituted, and I greatly feared this could not be accomplished unless the four Australasian Governments were allowed to appoint each its own representative. I pointed out that if this was conceded, the Governments of New South Wales, Victoria, Queensland, and New Zealand would be almost certain at once to nominate their respective Agents-General resident in London, and thus the provisional Board could be organized and its work proceeded with within a few days after the arrival of Mr. Tarte and myself in England.

These views were not acted upon, and nothing resulted during the five weeks I remained waiting. Indeed, so far as I know, no progress has been made towards constituting the Board up to the present date. Meanwhile the Eastern Extension Company is displaying great activity in Australia. Its agents are doing everything in their power to prolong the delay. Since my arrival in Canada I have received a number of letters from Australia, some of them dated so recently as the 28th July. They all go to confirm the views I have expressed. As they are private, I regret that I cannot append them to this report. I beg leave, however, to refer you to a letter, dated 17th July, received by the Department of Trade and Commerce from the Commercial Agent of your Government in Sydney [not printed]. In that letter will be found some indication of the situation in Australasia, and the activity of the Eastern Extension Company in their persistent efforts to frustrate the project.

I have, &c.,

SANDFORD FLEMING.

The Right Hon. Sir Wilfrid Laurier, Prime Minister of Canada.

Enclosure No. 3.

Sir SANDFORD FLEMING to the Hon. the PRIME MINISTER of Canada.

SIR,—

Ottawa, 15th November, 1899.

In the report submitted by me of date 5th September, on my recent mission to England, and in my letter to the Hon. Mr. Tarte dated the 1st July, appended thereto, I referred to the persistent efforts of the Eastern Extension Company to frustrate the establishment of the Pacific cable. I have to-day received a communication from the Department of Trade and Commerce, by which I learn more definitely the line of action now being taken by that company in Australia to defeat the project. My own name is used in discussions in the Press of the southern colonies, and it is due to myself that I should submit some explanations. At the same time I feel that it is still more important in the public interests that I should direct your attention to the matter, in order that you may, if you deem it advisable, transmit my explanations for the information of the Governments concerned.

The communication received through the Department of Trade and Commerce goes to show that the Eastern Extension Company has made a formal offer to the Australian Governments of very great importance, and the offer made is supported very strongly by the Postmaster-General of South Australia, Sir Charles Todd. Moreover, every effort is being made through the Press to influence public opinion in its favour. The offer is practically to substitute for the Pacific cable a cable across the Indian Ocean from Australia to South Africa, where a connection would be formed with the lines to England. To make the proposal as attractive as possible, the company offer at once to reduce rates from the present minimum charges of 4s. 9d. per word to a uniform charge of 4s. per word, and they offer to make further reductions as traffic increases. The company ask no subsidy or guarantee, but they ask the privilege of collecting and distributing cablegrams in the principal cities of Australia, and along with that privilege the right to use and control the Government land-lines from those cities to the terminus of the cable. Sir Charles Todd has always been a consistent opponent of the Pacific cable, and, as might be expected, he highly approves of the new proposal, and suggests that the Pacific cable should be postponed, and in the meanwhile the Eastern Extension Company allowed to carry out their plan.

It will be obvious that if the Eastern Extension Company be granted the privilege they ask, they will obtain the power to monopolize nearly all cable business. They would be in a position at once to cut rates and make contracts for a term of years with the leading mercantile firms, and thus control the greater part of the oversea telegraph business. With these privileges granted them they would have it in their power to prevent the Pacific cable being a commercial success.

Sir Charles Todd is unable to see any advantages in the Pacific cable or any necessity for establishing it. He takes an exceedingly pessimistic view of the traffic and the share of it which a trans-Pacific line would command; he unduly increases the estimate for maintenance, for working-expenses, and for other annual charges; and he urged that, in order to secure immunity from interruption, two cables across the Pacific will be necessary, involving, as he says, an initial capital outlay of £4,000,000, instead of £1,500,000 at one time deemed sufficient.

In my letter of 28th October, 1898 [Enclosure in No. 28, F.-8, 1899], to the Right Hon. Joseph Chamberlain, Colonial Secretary, I set forth, among other things, the immense advantage to the whole Empire of a world-encircling cable system under State control, and I pointed out how this could be secured without touching foreign soil. This proposal embraced the following new lines, viz.: (1) A cable across the Pacific Ocean from Canada to Australia and New Zealand, 7,150 knots; (2) a cable across the Indian Ocean from Australia to the Cape of Good Hope, 6,500 knots; (3) a cable across the Atlantic Ocean from the Cape of Good Hope to Bermuda, 6,600 knots. At Bermuda a connection would be made with England by lines laid, or to be laid—the three cables, viz., across (1) the Pacific, (2) the Indian and (3) the Atlantic Oceans, would constitute a globe-encircling system of telegraphs touching only British soil. These would be the trunk lines; they would give to every point they reached the peculiar advantage of two telegraph routes running in opposite directions, and thus the necessity or desirability of laying double cables side by side on any one section would be entirely removed.

The Pacific cable would form one of the three great links in the chain, and it is perfectly obvious that having the completed system in view there would be no necessity for incurring the expense of laying two cables across the Pacific for some time to come, certainly not until the business develops to such an extent as to demand additional means of transmission for business reasons—that is to say, not until the telegraph traffic reaches a point much beyond the most sanguine estimates yet made.

The ground covered by the new proposal of the Eastern Extension Company is almost identical with the second division of the world-encircling telegraph proposal mentioned in my letter to Mr. Chamberlain. So soon as I learned that our adversaries had made overtures to the Victorian Government respecting it, I sent the following letter to the Premier, Sir George Turner:

SIR,—

Ottawa, 14th September, 1899.

By last mail from Australia I received letters up to the 28th July, by which I learn that the Eastern Extension Telegraph Company has submitted to your Government a proposal to lay a cable from South Africa to Australia. The proposal is of great importance, and I ask your permission to say a single word respecting it. In order that I may be brief, allow me to refer you to three letters from me which appear in the printed returns on the Pacific cable laid before the Canadian Parliament in the sessions of 1898 and 1899, viz.: (1.) To the Right Hon. Sir Wilfrid Laurier, 28th December, 1897. [Enclosure in No. 11, F.-8, 1898.] (2.) To the Right Hon. Joseph Chamberlain, 28th October, 1898. [Enclosure in No. 28, F.-8, 1899.] (3.) To the Hon. R. W. Scott, 31st January, 1899. [See Enclosure in No. 37, F.-8, 1899.]

In these letters, and especially in my letter to Mr. Chamberlain, will be found reference to the subject of a State-owned system of electric cables for the Empire. It is pointed out that the proposed Pacific cable will form the great initiatory section of the Imperial scheme, and that a line of cables across the Indian Ocean, such as that now proposed by the Eastern Extension Company, would constitute the second great section. Much importance may, therefore, be attached to the latter proposal. But it is essential that these cables should eventually come under Government control. The public interests demand that in order to secure the cheapest telegraph transmission, the greatest development of commerce, and the greatest freedom of intercourse throughout the Empire, the system of cables contemplated should be the property of the State. As pointed out in my letter to Mr. Scott, that is the view almost universally held by the Press, and especially by the British Press. I venture, therefore, to urge upon your Government that in any agreement entered into with the Eastern Extension Company to lay the new cable proposed to be laid across the Indian Ocean the right be reserved to take possession of it, on giving notice and paying a sum equal to its value, precisely as in articles 5 and 6 of the Singapore and Hongkong second cable agreement of 1893. [See Appendix A; also Nos. 44 and 45, F.-5, 1893.]

I have, &c.,
SANDFORD FLEMING.

From a sense of duty I cannot too strongly press upon your Government and upon each Government interested the importance of the recommendation contained in the above letter. It is a matter which concerns Canada equally with the Australasian Colonies; it concerns the whole British Empire that no new obstacle should be raised to obstruct the laying of the Pacific cable or render it impossible to establish, step by step, a system of State-owned cables encircling the globe. There is not the smallest objection to the Eastern Extension Company laying a cable across the Indian Ocean under the condition mentioned. There, is indeed, everything in favour of such a proposal. The present state of things in South Africa renders the existing lines of telegraphic communication insecure. They pass through a number of foreign ports, and without much trouble sympathizers with the enemy may tap the wires, or, if they choose, interrupt them and render them useless, as is actually the case at the present moment with the East African line. If, unfortunately, European troubles should also arise, the means of telegraphic communication may be instantly cut, owing to the fact that all cables laid, or being laid, traverse shallow seas bordering France, Spain, Portugal, Morocco, and other parts of Africa. If cables across the Indian and Pacific Oceans existed to-day, independent communication could be maintained by the Canadian route between the heart of the Empire and South Africa, as well as with the Australasian Colonies.

The recommendation respecting which I venture to make this appeal is to reserve the right, on behalf of Her Majesty's Government, to take possession of the cable proposed to be laid across the Indian Ocean by the Eastern Extension Company. Ample precedent for such a course will be found in the following two articles wisely inserted by the Marquis of Ripon, the then Secretary of State for the Colonies, in the agreement of the 28th October, 1893, for the Singapore and Hongkong second cable.

Article 5. Her Majesty's Government shall have the option at any time of cancelling all the foregoing articles of this agreement, by giving to the company twelve months' previous notice, and on payment to the company of a sum of £300,000, being the estimated cost of laying such second cable.

Article 6. Immediately on the payment of the amount provided in the last preceding article the said second cable shall become the property of Her Majesty's Government, and the agreement shall at once cease and determine.

There could be no better precedent to follow in this instance. The Canadian Postmaster-General, Mr. Mulock, in introducing the Pacific-cable resolutions last July, pointed out to the House of Commons the value of the reservation made by the Marquis of Ripon. Mr. Mulock said (I quote from *Hansard*),—

When you come to read the agreement, I see nothing in it to cause us to doubt for a moment that we establish cable communication with the Orient when we establish connection by cable with Australasia. That agreement provides that the Imperial Government can purchase the line of cable, the second cable constructed between Singapore and Hongkong, for the sum of £300,000, which I presume fairly represents its cost. Once the English Government acquires that cable there only remains the connecting-link between the mainland and Australasia, and you have direct cable and telegraphic communication *via* Australia between Canada and Hongkong and Japan. And it is inconceivable that if the two great colonies, Canada and Australasia, have united themselves by cable communication—particularly in view of the fact that the colonies of Australasia own the telegraph-lines across the island continent of Australia—any power—that is, any British power—could prevent us forcing our way by telegraph communication with China and Japan. . . . I regard the proposition, though it nominally provides for communication only between Canada and Australasia, as practically completing cable communication between Canada, China, and Japan.

A cable across the Indian Ocean, laid under the same conditions, would, with the Pacific cable, similarly connect Canada telegraphically with South Africa. The two stretches of cable would complete two-thirds of the all-British chain of cable around the globe, which, with branches added, aggregating in length 2,600 knots, London would have practically a duplicate telegraph connection with all, or nearly all, the fortified and garrison coaling-stations of the Empire; an Imperial line of communication would be created which would bring into momentary electric touch every possession of Her Majesty. For these reasons, and for other reasons mentioned in my letter to Mr. Chamberlain, it is expedient that the new cables should be State-owned. Controlled by the State, it is recognised that they will best fulfil their purpose.

I have alluded in other letters (1st July and 5th September) to the great delays which have arisen and their apparent cause. The state of affairs in South Africa and the insecurity of all cables laid in the shallow seas bordering Europe and Africa will now make manifest how much these delays are to be deplored. It is easy to be seen that it would be no difficult matter for a sympathizer with the enemy to isolate not only South Africa, but at the same time the whole of Australasia. Better counsels fortunately now prevail, and we all rejoice in the promise that delay is at an end.

These projected State-owned cables have been conceived in no spirit of hostility to the Eastern Telegraph Company. The Pacific cable has been advocated for national reasons, and as the first section of a great Imperial telegraph system. Its mere advocacy has already had the effect of lowering charges on messages between Australasia and England fully one-half, and with the satisfactory result that the profits of the company have been much improved. This is owing to the fact that while the rates have been lowered 50 per cent. the business has increased 150 per cent. since the reduction took place.

I venture to think that the completion of the first State-owned ocean cable will mark a new era in oversea telegraph correspondence, and that a wonderful development of intercourse will follow. Action has been long delayed, but happily we now have the assurance that Her Majesty's Home Government will co-operate fully with the colonial Governments in bringing to a successful issue an undertaking which they now recognise to be of great importance to the whole Empire.

I have, &c.,

SANDFORD FLEMING.

The Rt. Hon. Sir Wilfrid Laurier, Prime Minister of Canada.

No. 119.

The AGENT-GENERAL to the Hon. the PREMIER.

Westminster Chambers, 13, Victoria Street, London, S.W.,

(Memorandum.)

7th December, 1899.

REFERRING to the Hon. Minister's memorandum of the 27th October last [not printed], I beg to transmit herewith two more copies of the correspondence between the Colonial Office and the Eastern Extension, Australasia, and China Telegraph Company on the subject of the Pacific-cable project.

W. P. REEVES.

[For Enclosure 1, see Enclosure in No. 58.]

Enclosure 2 in No. 119.

The Marquis of SALISBURY to the Marquis of TWEEDDALE.

MY LORD MARQUESS,—

Foreign Office, Downing Street, 19th May, 1899.

I have the honour to acknowledge the receipt of Your Lordship's letter of the 17th May, in which you have stated the objections entertained by the Eastern and Eastern Extension Telegraph Companies to the proposals with reference to the all-British Pacific-cable project contained in the letter addressed by the Secretary of State for the Colonies to the Agents-General for the Australasian Colonies and the High Commissioner for Canada, under date of the 28th ultimo.

In reply, I have to state that my colleagues in Her Majesty's Government, and more especially the Secretary of State for the Colonies, will be duly acquainted with the protest entered by Your Lordship against the above-mentioned scheme.

I have, &c.,

The Most Hon. Marquess of Tweeddale, K.T.,

SALISBURY.

Chairman, the Eastern Telegraph Company (Limited),

and the Eastern Extension Telegraph Company (Limited).

[For Enclosures 3 and 4, see Enclosures 1 and 2 in No. 57.]

Enclosure 5 in No. 119.

The Earl of SELBORNE to the Marquis of TWEEDDALE.

MY LORD,—

Colonial Office, Downing Street, S.W., 15th August, 1899.

I am directed by Mr. Secretary Chamberlain to acknowledge the receipt of your letter of the 19th ultimo, replying to the letter from this Department of the 10th July, dealing with the action of Her Majesty's Government in regard to the proposed Pacific cable.

2. I am to observe, in reply, that your letter is practically a repetition of arguments which have already been replied to, and as Her Majesty's Government have come to a final decision on the question of the cable it appears unnecessary to repeat their reasons. They remain of opinion that it is a work of Imperial concern, and that as a pecuniary question it may be expected to pay its way without interfering materially with the present traffic of the companies.

3. As regards the offers now made on behalf of the companies to construct a cable to connect the Cape with Australia, and at the same time to reduce the tariff to 4s. per word, you do not say whether any terms and conditions are attached to this offer, and Mr. Chamberlain will be glad to have full particulars, which he will be happy to communicate to the colonies concerned. He is unable at this stage to say what view the colonies may take of it. He observes that the companies are now prepared to do for nothing what two years ago they asked a subsidy of £32,400 a year for from the colonies, in addition to £5,000 a year from Her Majesty's Government (£25,000 having been asked for as a subsidy towards an all-British cable to the Cape and Australia, as compared with the subsequent offer to accept £20,000 for the line to the Cape only), and are further prepared to give at once a substantial reduction of rates.

4. It may fairly be inferred, therefore, that the business of the companies is such as to enable them to utilise an additional cable, and to this extent, therefore, it justifies the hope that the anticipated increase of business, coupled with the development of practically new business between America and Australasia, will give sufficient employment to the Pacific cable without trenching on the traffic *now* carried by the companies, and shows that the claim of the colonies for a reduction of rates was fully warranted.

5. In regard to the claim in paragraph 16 of your letter, that the companies should have the right to collect and deliver their international messages in Australasia in the same manner as prevails in this country, I am to observe that the Australasian Colonies are parties to the International Telegraph Convention, and are therefore bound to send any telegrams marked to go by the companies' route by that route. Whether they will go further and allow the establishment of special collecting-agencies for the companies within their own limits is a matter in which, of course, the decision must rest with them, and it is not possible for Mr. Chamberlain to give any undertaking on their behalf.

6. In conclusion, I am to call attention to an instance in which Your Lordship has apparently misunderstood the language of the letter from this Department of the 10th ultimo. In paragraph 18 you ask, "How, moreover, could the companies then form and maintain a reserve fund necessary for the maintenance and renewal of their lines, or for the necessary extensions required by commerce?" which reserve fund, however, the last paragraph of Your Lordship's letter, in disregard to telegraph experience, appears to consider superfluous, and, at all events, which the Government seems to ignore.

7. The propriety of a sufficient reserve fund was certainly not called in question; it was only pointed out that the opening of an alternative route would to some extent relieve the companies of the necessity of making as large drafts on revenues as at present for purposes of capital expenditure or reserve.

8. What these amount to at present Your Lordship is no doubt fully aware, and I need only say that in the twenty-six years of its existence the Eastern Extension has, besides accumulating reserves amounting to more than a million sterling, expended out of revenue on new cables and extensions sums which, in 1894, had amounted (page 138, C. 7553) to £1,100,685, and probably now amount to at least a million and a half.

9. Its paid-up capital is two millions and a half, of which £470,000 is due to "watering"; and on this "watered" capital it has for many years paid a dividend of 7 per cent., which but for the "watering" referred to would have been approximately 9 per cent., and while so doing and maintaining its lines in a high state of efficiency has created out of revenue new works or extensions and reserves at least equal to the amount of its paid-up capital. Mr. Chamberlain presumes that the affairs of the Eastern Company have been managed with equal prudence, and that, like the younger company, it has by this time at least doubled out of revenue the capital value of its estate.

10. Taking into consideration the relief which will be afforded to the companies by the Pacific cable in this respect, and the fact that by the time it can be in operation the traffic may be expected to have increased by one-third, according to Your Lordship's account of past experience given to the Committee (questions 1860-63), and that the companies have already found it to their interest to offer voluntarily so large a reduction of rates and so expensive an extension of their system without cost to the public, the conclusion of Her Majesty's Government that there will be ample remunerative work for the companies' cables as well as the Pacific cable appears abundantly justified.

As regards any claim for compensation that the companies may be disposed to put forward, Her Majesty's Government cannot admit that the case of the acquisition by the Government of the Channel cables in 1870 and 1889 affords any ground for the contention that compensation would be due to the Eastern Telegraph Company and its allies in the event of a reduction of their profits resulting from the laying of a Pacific or any other competing cable. No guarantee against competition in the Australian traffic, by the State or otherwise, has ever been given to the Eastern or any other telegraph company, and it would be practically impossible now to lay any new cable, however urgently it might be needed on strategic as well as commercial grounds, without in

some degree affecting the receipts from existing cables. The same might be said of most railways or steamship lines which Parliament has aided by the grant of special powers, mail-subsidies, and in other ways; but in all these cases Parliament has rightly held that the public interest must be the first consideration, and that no compensation should be given in cases where competitive undertakings were authorised, except when such competition involved a breach of public faith.

The Marquess of Tweeddale.

I am, &c.,
SELBORNE.

Enclosure 6 in No. 119.

The Marquis of TWEEDDALE to the Earl of SELBORNE.

Eastern Telegraph Company (Limited) and Eastern Extension, Australasia, and China Telegraph Company (Limited).

Winchester House, 50, Old Broad Street, London, E.C.,

MY LORD,—

28th September, 1899.

I now have the honour to reply to Your Lordship's letter, No. 18912/99, of the 15th August (the receipt of which was acknowledged on the 22nd ultimo), on the subject of the proposed Pacific and Cape-Australian cables.

2. It is true that my letter of the 19th July last repeats in more detail the arguments contained in my former letter, but I cannot find that any substantial answer has as yet been given to those arguments.

3. As, however, Your Lordship informs me that Her Majesty's Government have come to a final decision on the question of the Pacific cable as a matter of Imperial concern, I do not see that any practical purpose would be served by further discussing the matter, and will now, therefore, only deal with the point respecting which Mr. Secretary Chamberlain desires additional information.

4. The proposal recently submitted to the Australasian Colonies by the companies for extending the Cape cable to Australia not only provides for an immediate reduction of tariff to 4s. per word, but involves the application to the Australasian traffic of the same sliding-scale principle as is adopted for the Cape traffic, by means of which the tariff might, without any sacrifice on the part of the Australasian Colonies, be further reduced in 1901 to 3s. 6d. per word, to 3s. in 1902, and to 2s. 6d. in 1903, provided the traffic satisfactorily responds to the proposed reductions.

With regard to the conditions attached to the proposal, the companies have only asked for the same freedom in collecting and delivering their international telegrams at Perth, Adelaide, and Melbourne as they enjoy in this country, at the Cape, and at Natal. They are, of course, aware that the Australasian Colonies are parties to the International Telegraph Convention, and are therefore bound to send any telegrams marked to go by the companies' route by that route. But, looking to the general conditions attendant on the despatch of telegrams by the public, and to the fact that before messages could reach the companies' cable termini at Port Darwin and Roebuck Bay they would have to pass over at least two thousand miles of Australian Government land-lines, which might not be efficiently maintained when the Governments are in competition with the companies, it is obvious that it would be impossible for the companies to carry on their business on equal terms with their competitors in Australia unless they have the right to establish direct dealings with the public.

The condition was limited to the capitals above enumerated in order to simplify and facilitate the proposed arrangement, but in justice to the companies it ought to be extended to all the other Australasian capitals; and, although Your Lordship states that the decision to grant the concession must rest with the colonies themselves, it appears to me that, as Her Majesty's Government are actively assisting to bring about this competition, they should use their influence with the Australasian Governments to induce them to give an undertaking that the companies shall receive equal treatment throughout Australasia before finally agreeing with those Governments on the details of the Pacific scheme. I therefore earnestly hope that Mr. Secretary Chamberlain will secure for the companies this necessary measure of justice, otherwise the references made by Her Majesty's Ministers when receiving the companies' deputation, and in Your Lordship's letter, as to the Government's duty to avoid unnecessarily injuring the interests of the shareholders, will be utterly meaningless.

I have, &c.,

The Right Hon. the Earl of Selborne, P.C.,
Under-Secretary of State for the Colonies, Colonial Office.

TWEEDDALE, Chairman.

Enclosure 7 in No. 119.

The Earl of SELBORNE to the Marquis of TWEEDDALE.

MY LORD,—

Colonial Office, Downing Street, S.W., 5th October, 1899.

I am directed by Mr. Secretary Chamberlain to acknowledge the receipt of your letter of the 28th ultimo, and to thank you for the information which it contains as to the proposal which the Eastern and Eastern Extension Telegraph Companies have made to the Australian Colonies for the extension of the Cape cable to Australia.

2. Copies of your letter and of the previous correspondence between you and Her Majesty's Government as to the proposed Pacific cable have been sent to the Governors of the Australasian Colonies, and their attention has been called to the desire of your companies to be allowed, as a condition of the extension of the Cape cable to Australia, to collect and deliver their own international messages at Perth, Adelaide, and Melbourne with the same freedom as they enjoy in this country, Cape Colony, and Natal.

I am, &c.,

The Most Hon. the Marquess of Tweeddale, K.T.

SELBORNE

No. 124.

The Hon. SECRETARY, British Empire League in Canada, Toronto, to the Hon. the PREMIER, Wellington.

British Empire League in Canada, Toronto Branch, 11, Equity Chambers,
Toronto, 6th February, 1900.

SIR,—

I have the honour to forward to you, by direction of the Toronto Branch, British Empire League, a copy of resolutions adopted at a meeting of the League held in Toronto on the 30th January, 1900.

I have, &c.,

The Hon. the Premier, Wellington.

H. F. HOOPER, Hon. Secretary.

Enclosure in No. 124.

The following resolutions were adopted at a meeting of the Toronto Branch, British Empire League, at St. George's Hall, on the 30th January, 1900:—

Resolution No. 1.—Moved by Lieut.-Colonel G. T. Denison, seconded by Rev. Dr. J. Potts: Whereas (1) the Pacific cable has been recognised by Parliament to be an undertaking of peculiar importance to Canada, to the Australasian Colonies, and to the Empire; (2) serious delays in its establishment have heretofore been caused manifestly by the hostile influence of the Eastern Extension Telegraph Company; and (3) the Eastern Extension Company is now engaged in a supreme effort to defeat the project, which, if successful, will subordinate the most important public interests to private gains:

In consequence of these efforts, and in order to prevent the subjection of the interests of the colonies and the Empire to private purposes, an appeal should at once be made to our Government and to all the Governments concerned, urging in the strongest terms: First—That it is of vital importance to take prompt action in causing the Pacific cable to be proceeded with as a State undertaking, and completed with the least possible delay; second—That the Home Government, the Government of New South Wales, and other Governments be earnestly asked not to assent to any agreement granting concessions to the Eastern Extension Company which does not contain a clause reserving power to cancel such agreement in the event of the exigencies of the public service demanding this; third—That the time has come when ultimate State proprietorship of all cables between British possessions should be kept prominently in view, and that, therefore, in all agreements giving permission to lay new cables by private capital a condition be attached, in explicit terms, empowering the Imperial Government to assume ownership.—Carried unanimously.

No. 125.

The Hon. the PREMIER, Sydney, to the Hon. the PREMIER, Wellington.

(Telegram.)

Sydney, 8th February, 1900.

I HAVE received the following cable from the Premier of Canada: "Canada strongly objects to last proposals of Eastern Extension Telegraph Company, or any other that will remove control over telegraph business from local Governments and give Eastern Telegraph Company free hand if competing with Pacific submarine cable."

No. 126.

The Hon. the POSTMASTER-GENERAL, Wellington, to the Hon. the POSTMASTER-GENERAL, Brisbane.

(Telegram.)

Wellington, 12th February, 1900.

Re Pacific cable: I am glad to hear that your colony will co-operate with New Zealand and Canada. In this course I fully concur. We are anxious to have the Pacific cable whether the Cape cable is laid or not, and anything we can do to bring this about will be gladly attended to.

No. 127.

The Hon. the PREMIER to the AGENT-GENERAL.

Premier's Office, Wellington, 16th February, 1900.

SIR,—

Referring to your letter of the 15th December last, transmitting copy of the instrument received from the Colonial Office appointing the members of the Pacific Cable Committee, I have now the honour to inform you that a disturbing factor has been introduced into the Pacific-cable project by the proposals of the Eastern Extension, Australasia, and China Telegraph Company. These have led to a difference of opinion among the Governments of the Australasian Colonies, which will retard any definite action on the part of this colony until the report of the Pacific Cable Committee is received.

The proposals were considered at the Conference of Premiers in Sydney in the last week of January. New Zealand was not represented, and I am not yet in possession of an official report of the proceedings. I learn, however, from the Press that Mr. Warren has recommended his company to agree to forego the concession of terminal facilities until the Pacific cable is completed, and to reduce its rates at once. The Conference also adopted the recommendations made by the Secretary of State for the Colonies to the effect that rates once reduced should not be increased, and that the landing-points of the cable should not be determined upon without consultation with the British military authorities. It is reported to-day by Press telegram that the assent of the company has been obtained.

I have, &c.,

J. G. WARD (for the Premier).

The Hon. W. P. Reeves, Agent-General for New Zealand, London.

No. 130.

CIRCULAR LETTER from Sir SANDFORD FLEMING regarding the Pacific-cable Project.
THE PACIFIC CABLE.

Ottawa, 30th March, 1900.

To the British people in the Australasian Colonies :

THE position of the Pacific-cable project has become so critical that I make bold, on the eve of the departure of the monthly Australasian mail, to make this appeal to you, my fellow-colonists. I have no other excuse to offer for my temerity than the circumstances under which I write.

Australasians and Canadians have long desired to be connected telegraphically. For many years they have looked forward to the time when the British people in the outer Empire would be drawn nearer to each other, and when all would be brought into closer and more intimate relations with the Imperial centre. They have regarded the Pacific cable as a practical bond of union which would foster trade and commerce, and at the same time constitute the easy and inexpensive means by which they would exchange their thoughts on all matters in which they have a common interest.

The British people on opposite sides of the Pacific are, in a large measure, strangers to each other, and without the electric bond they cannot but remain estranged. True, it may be said that the means already exist for communicating by telegraph between the two countries. It is possible to send a telegram from Canada across the Atlantic to England, across Europe, or by way of the Mediterranean, to Egypt, across African soil to the Red Sea, by the Indian Ocean to India, and thence through Asiatic lands, seas, and islands (partly in foreign hands) to Australia. But the circuitous route is little used; it may be said to be employed only in emergencies or on extremely rare occasions, owing to the excessive cost of transmitting messages. As an evidence of its inutility, I learn from the Department of Trade and Commerce in Ottawa that less than half a dozen telegrams in all have been sent to, or received from, Mr. Larke, the commercial agent of the Canadian Government, during the whole six years he has been officially stationed in Australia. With a direct cable across the Pacific, the conditions would be entirely changed, and telegraphic correspondence would be frequent.

Again, the mail-service is wholly inadequate. If the letter I am now writing leaves Ottawa to-morrow, and it be not delayed on the way to the steamer at Vancouver, it will be due to reach Australia in about four weeks; if, however, through any cause the mail-train on the long overland journey be delayed a few hours and reaches Vancouver too late for the steamer, this letter will not reach its destination for eight weeks. These facts strongly emphasize the great need of direct telegraphic connection; they go to show that the moment the Pacific cable comes to be submerged, the subjects of the one Sovereign, now estranged by geographical conditions, will be in a position to transact business and hold intercourse as friends and neighbours. Australasians and Canadians will then be enabled to flash their thoughts as kith and kin.

In the efforts which have been made to accomplish the desired object, there have been great and vexatious delays, but all difficulties were thought to be overcome when, on the 4th July last year, Her Majesty's Home Government, represented by the Colonial Secretary, the Chancellor of the Exchequer, and others, met in conference the High Commissioner for Canada, and the Agents-General for New South Wales, Victoria, Queensland, and New Zealand. At that Conference a proposal was made on behalf of the Home Government, in the main satisfactory: in one particular, however, it has proved otherwise. It was proposed that the whole matter should be intrusted to a Board of eight members, of which the four contributing Australasian Colonies should be represented by three. So soon as I heard of the proposal, I did not hesitate, as a humble Canadian, to point out that, according to my judgment, the arrangement was unfortunate, and that it was impossible to foresee to what difficulties it might lead. So it has proved. Had the Australasian Governments been allowed one representative each the complications and delays which have since arisen would certainly have been avoided. I venture to say it would have been quite possible to place the whole cable under contract within a few weeks after the date of the conference in July last.

Nearly nine months have now elapsed; we have reached a crisis which may prove fatal to the project, and in consequence I am impelled to address you, begging your sympathetic interest in a matter in which, with Canadians, you are equally concerned.

First, let me bring to your notice part of a speech of the Hon. the Postmaster-General, delivered at the recent annual meeting of the British Empire League. Mr Mulock said: "The Pacific-cable scheme to-day I regard as one of vital importance to the great doctrine that we are advocating—the unification of the Empire. We have by steam destroyed distances; oceans that separated the various parts of the Empire in days gone by, now, under the advantage of steam, are connecting-links between the various parts of the Empire. But we cannot, even by these methods alone, perfect the connections; we need in this rapid age, and must have, the still better method of communication which the electric spark affords; it is the only means whereby we can prosecute commerce in times of peace, and in times of trouble carry on successfully the military movements between the various portions of this vast Empire. It will be a national calamity, and nothing less than an unqualified calamity, if there be not a State-owned cable, not owned by one portion of the Empire alone, but by the various portions of the Empire formed into partnership for the common good; it will be nothing short of a national calamity if the scheme should fail."

Bearing on the subject I append my own remarks on the same occasion. I felt it incumbent on me to direct the attention of the League to a proposal to begin at once and gradually build up as opportunity offers a great system of State-owned cables, extending to the British possessions in every longitude. It will be obvious to you that such a system would place the Australasian Colonies in a singularly commanding position in relation to the whole Empire; and I have no hesitation in saying that such a system, by reason of its being State-owned, would result in lowering charges on messages to rates not now dreamed of. If in the United Kingdom charges on messages have been lowered in some cases to one-twelfth what they were when the telegraph-lines

were in private hands, are we not warranted in the conclusion that in the larger field like results would follow a like cause? If the application of the principle of State control in the United Kingdom has lowered charges on messages to $\frac{1}{4}$ d. per word for all distances, under the same conditions may we not look forward in the near future to the charge on ocean telegrams throughout the Empire being reduced to 1s. per word, or even less? This I conceive is by no means too sanguine a view to take. I have given the matter much consideration, and I am perfectly satisfied that if at this juncture the Australasian Colonies follow a wise course, they will be instrumental in conferring on the British people throughout the world the inestimable blessing of a State-owned cable system, by which eventually the very lowest tariff on messages will be obtainable. I much hesitate to express my full and deliberate views on this point less I be regarded as a visionary. If, happily, the present difficulty be overcome, the Pacific cable proceeded with, and the larger scheme followed up, I am satisfied that one of the chief objects to look forward to in a few years will be a uniform 6d. tariff the world over for ocean cables: precisely on the principle of Imperial penny postage. (For reasons and explanations, see my letter to Mr. Chamberlain, 28th October, 1898.—Pacific-cable documents printed by Canadian Parliament, 1899, page 22.) [Enclosure in No. 28, F.—8, 1899.]

I now venture to ask my fellow-colonists in Australia, is such a purpose as I have pictured worthy of some sacrifice on their part? Is an all-British comprehensive cable system worth having? Should their answer be in the affirmative, I desire specially to point out to them the remarkable fact that the Pacific cable is the only key to such a new bond of Imperial unity. This fact certainly gives to the Pacific cable an importance which intensifies the calamity pointed out by Mr. Muir as the inevitable result of failure in establishing that undertaking. These considerations will, I think, appeal to the good sense and the patriotism of Australians, with whom now rests the responsibility of determining whether or not the long-projected Pacific cable shall become an accomplished fact.

A single word respecting the proposed cable from Australia to the Cape, which for some time has been advocated as a substitute for the Pacific cable. The company proposing to lay that cable offer to lower rates on messages between Australia and England from 4s. 9d. to 4s. per word, on conditions that certain concessions be granted them. The offer may be tempting, but the small immediate gain is not to be compared with the loss which Australia would suffer if the Pacific cable, and together with it the great Imperial scheme, be *per force* abandoned. Has not Æsop many centuries ago spoken to countless generations of mankind, and told them that in grasping at a shadow the substance may be lost? Speaking for myself, I hold that nothing can take the place of the Pacific cable, and I feel it to be in the interests of the British Empire that no new obstacle should be raised to obstruct the immediate accomplishment of that undertaking. While I firmly hold to that opinion, at the same time I recognise that we cannot have too many cables, if they be judiciously established, to meet public needs. I am therefore unable to see any great reason for objecting to the Cape-Australian cable, provided full provision be made for bringing it at any time when required under State control. Under State control it would, in conjunction with the Pacific cable, constitute the major portion of the great Imperial telegraph system.

Having thus briefly expressed my views, the two points which, in conclusion, I would strongly urge are these: (1.) That nothing be done or left undone to further retard the establishment of the Pacific cable. (2.) That in any agreement for laying a cable between Australia and the Cape ultimate State ownership be kept in view, and strictly provided for.

I have, &c.,

SANDFORD FLEMING.

Enclosure in No. 130.

REMARKS ON AN ALL-BRITISH CABLE SYSTEM, submitted at the Annual Meeting of the British Empire League in Canada, 14th March, 1900, by Sir SANDFORD FLEMING.

I ASK permission to submit some remarks bearing on a public question which concerns the whole British people. The people of the British Empire are of all origins; they occupy a collection of States in every region on the surface of the globe, and, as the prime object of this League is to unite these peoples, I am satisfied that there is no subject which can more appropriately be considered here to-day than the one to which I propose to invite your attention.

There are already telegraph cables laid from the centre of the Empire to the great colonies in the Southern Hemisphere, but these cables are in the hands of private companies; on their way from the shores of England to Australia, to South Africa, and to India these cables touch at foreign ports, or pass over the lands of foreign States, or are laid in shallow seas bordering the shores of foreign nations; they are therefore liable to interruption at a critical moment. Moreover, the charges for the transmission of ordinary messages which are exacted by the companies are so high that the use of the cables is practically forbidden to all but a few persons. In the interests of commerce, of social and political intercourse, and of general public safety, it is felt that a much freer means of communication than now exists is indispensable.

The British people throughout the globe own one flag—they pay homage to one Sovereign—they, indeed, have many interests in common—they now, or soon will, have one cheap postage, and it is with no little pride and satisfaction we can point to the fact that it is our present Postmaster-General, Mr. Muir, to whom the British people everywhere, to a large extent, will be indebted for that boon.

The principle of penny postage being adopted and in part put in practice, we are naturally led to consider if it be possible to make a corresponding advance in the matter of telegraphy. We ask ourselves the question, Is it practicable to link the Empire together by a comprehensive cable system, and, if it be practicable, should we take means to enjoy the advantages which it would bring? For my own part, I am unable, on the one hand, to perceive any insuperable obstacle in the way, and on the other I can see nothing that would more tend to unite our people in every longitude than a globe-encircling cable system under State control.

The scheme is not now broached for the first time; it was the dominant idea at the Colonial Conferences of 1887 and 1894. Since these gatherings the suggestion has again and again been brought forward, and views expressed in support of the project have been strengthened by reflection and confirmed by experience. To-day it is not for me to enlarge on the scheme or dilate upon the advantages to spring from it. I will merely state that a complete system of telegraphic cables for the whole Empire may be established without involving any extraordinary expenditure. And with respect to the question of State ownership, the evidence is indisputable and convincing. I need only refer to the admirable system of land-telegraphy throughout the United Kingdom.

The telegraphs of the United Kingdom were at one time the property of private companies, who made large profits at the public expense. They adopted the policy of exacting high charges, in some cases ten and twelve times higher than the rates now levied. These companies, like other companies of the present day, made every effort to maintain the monopolistic privileges they enjoyed. It was decreed by Parliament, however, to establish a national system, and the whole came under State control. Since then the telegraph-lines have been extended to the remotest places in England, Ireland, and Scotland, and the charges on messages have been so reduced that any two persons, however widely sundered, may interchange their views on any subject at the small cost of 1 cent per word.

This is the result of State control—under State control the utility of the telegraph has been enormously increased, and the charges on messages have been reduced in an inverse ratio to its increased utility. Moreover, it is satisfactory to know that every advantage has been gained without entailing any burden on the taxpayer. We have thus placed before us in the United Kingdom a model which may be reproduced on any scale; we have a unique pattern for imitation in establishing a system of all-British cables encircling the globe; we may, indeed, regard the State telegraph system of the Mother-country as a microcosmic illustration of the electric nervous system, which the conditions of our world-wide empire already demand.

All will recognise the value of such a system. There is probably no single object which in an equal degree would tend to benefit directly the whole British people, or in a higher degree would influence indirectly the advancement of civilisation. We must not, however, lose sight of the fact that the Pacific cable is absolutely essential to the larger Imperial scheme. If we examine a map of the world and weigh every geographical condition, it will be found that the Pacific cable is the key, and the only key, to a globe-encircling all-British telegraph system. By no other route than that of the Pacific cable can all Her Majesty's possessions be brought into direct telegraphic circuit without touching an acre of foreign soil.

The annual report of the League refers to vexatious delays in connection with the Pacific-cable project. The last serious delay can be traced to its origin eight months ago, but I do not propose to allude to the unfortunate cause; I will only mention that the Eastern Extension Telegraph Company has taken advantage of the delay, and made a determined effort to alienate the Australian Colonies from the scheme. That company appears to have left nothing undone to mould public opinion in the colonies in favour of a tempting proposal which they have made to them. The company has succeeded so far as to bring about a tangle in two of the colonies which may not be easily unravelled.

As I view the matter, it is the more desirable and expedient that the resolution before the meeting should be adopted by the League and urged on all the Governments concerned. I feel satisfied that if the recommendations contained in the resolution be acted upon it will not be possible for the company to injure the Pacific cable in any way which cannot be remedied. The public interests will be effectually safeguarded.

With these few words I beg leave to move the resolution.

MOVED by Sir Sandford Fleming, seconded by Sir Charles Tupper: "The British Empire League in Canada is of opinion that a complete system of State-owned ocean cables, touching the British possessions only and extending to all Her Majesty's colonies throughout the globe, is a project of the first importance. This League, in annual meeting assembled, therefore recommends—(1) That the Home and Colonial Governments should, as a matter of policy, recognise the principle of State control of all British cables, and apply the principle as opportunity offers and as speedily as circumstances will admit; (2) that the Pacific cable should be at once completed as the initial undertaking in such an Imperial system of cables as that indicated; (3) that in all arrangements for connecting by telegraph the possessions of Her Majesty in any part of the globe, provision be made for ultimate State ownership; (4) that in permitting a private company to lay a cable to or from any British possession, landing privileges be granted only on the conditions that Her Majesty may at any time assume possession of the cable on specified terms."

Motion unanimously adopted, after discussion.

No. 136.

The ACTING-MANAGER in AUSTRALASIA, Eastern Extension Company, to the Hon. the POSTMASTER-GENERAL, Wellington.

The Eastern Extension, Australasia, and China Telegraph Company (Limited),
Melbourne, 27th July, 1899.

SIR,—

I have the honour to send for your information copy of a letter to the Hon. the Postmaster-General, Victoria, submitting a proposal by my company for an all-British cable to Australia *via* the Cape, together with a reduction of the tariff to 4s., and a further reduction on a sliding-scale as traffic increases.

I have, &c.,

J. EUSTON SQUIER,

Acting-Manager in Australasia.

The Hon. the Postmaster-General, Wellington, New Zealand.

Enclosure in No. 136.

The ACTING-MANAGER in AUSTRALASIA, Eastern Extension Company, to the Hon. the
POSTMASTER-GENERAL, Victoria.

The Eastern Extension, Australasia, and China Telegraph Company (Limited),
Melbourne, 24th July, 1899.

SIR,—

Referring to the proposal made to your Government by this company in my interview with you on the 14th instant, I have the honour to confirm the same, with additional particulars supplied by my head office:—

“As public opinion in Victoria apparently favours an alternative cable *via* the Cape rather than the Pacific, and, according to the Chancellor of the Exchequer's admission, the company's Cape proposal was also preferred by the Imperial Government but fell through because Australia refused to assist it, we are willing to meet the difficulty by making the following liberal concessions—namely, we will entirely waive the renewal of the subsidy and guarantee against competition, and, in addition to providing a cable all the way to Glenelg, *via* Perth, will agree to at once reduce the tariff to 4s., and make further reductions on a sliding-scale as traffic increases. In return for the above, the company would only require the same privilege in Perth, Adelaide, and Melbourne as they have hitherto enjoyed in Great Britain, of directly delivering and collecting their international telegrams to and from the public.”

The privilege mentioned as enjoyed in Great Britain is that the companies pay the British Post Office £5 yearly per mile for each wire, and work both ends by their own operators, collecting and delivering traffic direct from the public. All telegrams to places other than those where the companies have offices are dealt with by the Post Office, who are paid their ordinary inland tariff.

I might mention that a rate based upon that stated above would bring in a revenue to your Government quite as much as that now derived from the international traffic, and the salaries of operators would be saved.

The first half of the all-British Cape-Australian cable—namely, between Great Britain and Cape Colony—is now being manufactured; and, if the company's terms are accepted, the whole line might be in working-order within two years.

I have, &c.,

The Hon. J. Gavan Duffy, M.L.A.,
Postmaster-General of Victoria, Melbourne.

J. EUSTON SQUIER,
Acting-Manager in Australasia.

No. 137.

The ACTING-MANAGER in AUSTRALASIA, Eastern Extension Company, Melbourne, to the Hon.
the POSTMASTER-GENERAL, Wellington.

The Eastern Extension, Australasia, and China Telegraph Company (Limited),
Melbourne, 8th August, 1899.

SIR,—

Referring to my communication dated the 27th ultimo, I have now the honour to submit for your information the details of the sliding-scale proposed by my company in connection with the Cape cable. The tariffs mentioned are to be uniform throughout Australia and Tasmania, the respective Governments still retaining their local transit and terminal rates.

Minimum Annual Revenue required by Associated Companies.

Present revenue guaranteed by the Australian Governments	...	£227,000
Plus estimated yearly expenses of the new Cape line	... ..	123,000
		£350,000

The present receipts from the Australian traffic (taking the average of last three years) amount to £365,000, or £15,000 more than the minimum required. If the minimum revenue is maintained, the company offer a uniform half-crown tariff, on the following sliding-scale: If the tariff is reduced to 4s., the company will take the average receipts of the three years 1898, 1899, and 1900, and if the minimum of £350,000 is reached, the rate in 1901 will be reduced to 3s. 6d. If the average receipts of £350,000 are maintained in 1901 at the reduced rates, the tariff will be reduced in 1902 to 3s. If the average receipts be again maintained in 1902, the tariff will be reduced to 2s. 6d. in 1903. Should the average receipts not keep up to £350,000, any one of the above reductions would be postponed until the receipts averaged the standard figure of £350,000 for three consecutive years. The rate to South Africa will be reduced to 2s. per word, or thereabouts.

I have, &c.,

J. EUSTON SQUIER,
Acting-Manager in Australasia.

P.S.—When the ordinary rate is reduced to 4s. per word, the Government rate will be fixed at 3s., and the Press rate at 1s. 6d.

The Hon. the Postmaster-General, Wellington.

No. 138.

The Hon. the PREMIER, Wellington, to the ACTING-MANAGER in AUSTRALASIA, Eastern
Extension Company, Melbourne.

SIR,—

Premier's Office, Wellington, 22nd August, 1899.

I have the honour to acknowledge, with thanks, the receipt of your letter of the 27th ultimo, covering copy of a communication from yourself to the Postmaster-General of Victoria, regarding the terms on which a cable would be laid between Cape Colony and Australia.

As you are probably aware, this colony is committed to the Pacific cable, and could not, therefore, support the Cape-Australia scheme.

I have, &c.,

R. J. SEDDON, Premier.

The Acting-Manager in Australasia,
The Eastern Extension, Australasia, and China Telegraph Company (Limited), Melbourne.

No. 139.

The MINISTER of EDUCATION, Adelaide, to the POSTMASTER-GENERAL, Wellington.

Office of the Minister of Education and Agriculture,
Adelaide, 22nd August, 1899.

DEAR SIR,—

I forward herewith copy of a report prepared by the Postmaster-General, Sir Charles Todd, on the proposals recently submitted by the Eastern Extension Telegraph Company: (1) To lay a cable from South Africa to Fremantle and Glenelg; and (2) to reduce the rates on cablegrams to 4s. a word on ordinary messages, 3s. on Government messages, and 1s. 6d. on Press messages, subject to further reductions as explained in the report. It will be seen that the financial aspect of the proposed Pacific cable is fully dealt with. As the whole question of cable communication is now under consideration of the several colonies, it seems to me desirable to furnish you with the report, and I shall be glad to be favoured with your views thereon, especially as the whole matter will come on for consideration by the Federal authorities before long.

Yours, &c.,

RICHARD BUTLER,

Minister of Education.

The Hon. the Postmaster-General, Wellington.

Enclosure in No. 139.

SOUTH AUSTRALIA.—REPORT BY THE POSTMASTER-GENERAL ON THE CABLE QUESTION.

[Ordered by the House of Assembly to be printed, 30th August, 1899.]

Post Office and Telegraph Department, General Post Office,
Adelaide, 3rd August, 1899.

SIR,—

The Eastern Extension Company have submitted the following offer to the Australian Governments:—

(1.) To at once reduce the rates to 4s. a word on ordinary messages, 3s. a word on Government messages, and 1s. 6d. a word on Press messages, which rates they desire should be uniform to all parts of Australia and Tasmania.

(2.) To lay a cable from South Africa to Fremantle and Glenelg.

This cable will be an extension of the direct cable from England to the Cape of Good Hope, now in course of construction. The latter will connect Gibraltar, Sierra Leone, Ascension Island, St. Helena, and thence to the Cape.

The proposed extension to Australia will start from Durban (the land-lines being used from the Cape), and will connect *en route* Mauritius, Rodriguez Island, Cocos, and Fremantle, terminating at Glenelg. The work can be completed in about two years. If the cable ends at Fremantle it would probably be necessary to construct a direct land-line from Adelaide to Perth. The cable would be British throughout, touching no foreign territory, and would provide alternate means of communication with India and other British possessions in the East.

The company, it will be seen, waive all claims for any subsidy or guarantee; they ask, however, that in consideration of this liberal concession they may be allowed to open offices in Perth, Adelaide, and Melbourne to receive and deliver international telegrams from and to the public direct, as they have always done in Great Britain. This, it is understood, is only desired in the event of a State-owned competitive trans-Pacific cable being laid. The reduction on existing rates between Great Britain and the colonies would be as under:—

		Present Rate.		Saving.	
		s.	d.	s.	d.
South Australia...	... On ordinary messages	4	9	0	9 per word.
Victoria ...	... "	4	10	0	10 "
Tasmania ...	... "	5	5	1	5 "
New South Wales ...	... "	4	11	0	11 "
Queensland ...	... "	5	1	1	1 "
Western Australia ...	... "	4	9	0	9 "

Corresponding reductions would, of course, be made on New Zealand business. The proposed tariff is to be subject to further reductions on a sliding-scale, as follows: The present Australasian guarantee to the Eastern Extension Company is £227,000 per annum, as agreed to at the Hobart Postal Conference in 1895. The yearly expenses in connection with the new cable from Africa are estimated at £123,000, making together a total of £350,000, or about £15,000 less than the average of the last three years' revenue from Australasian traffic, accruing to the Eastern Extension and associated companies. Adopting this amount as a basis, the company state in their telegram that when for three consecutive years the total traffic to associated companies has averaged £350,000, the tariff will be reduced to 3s. 6d. per word. Further, if average value in any three consecutive years exceeds £350,000, tariff to be reduced to 3s.; and, finally, if average in any other three consecutive years exceeds the before-mentioned sum, the tariff shall be still further reduced to 2s. 6d. per word; or, as explained in the telegram, if revenue continues to average £350,000 after these several reductions, the tariff for—

					s.	d.
First three years would be	...	...	...	...	4	0
Fourth year would be	...	...	...	...	3	6
Fifth year would be	...	...	...	...	3	0
Sixth year would be	...	...	...	...	2	6

The existing tariff of 4s. 9d. between South Australia and the United Kingdom is apportioned thus:—

	s.	d.
United Kingdom or Europe	0	2
Eastern, Eastern Extension, and associated companies	3	7
Indian land-line, Bombay to Madras	0	3½
Java	0	1½
South Australia	0	7
Total	4	9

The 3s. 7d. is pooled, and divided between the Eastern, Eastern Extension, and Indo-European Companies and the Persian Gulf Telegraph Department, administered by the Indian Government.

As before stated, the company propose that the reduced rates shall be uniform throughout the colonies, the Australian land charges to be—

	s.	d.	s.	d.
On ordinary messages	0	6	out of	4
On Government messages	0	5	"	3
On Press messages	0	4	"	1

and it is suggested that the aggregate revenue from these land or terminal rates shall be pooled, and apportioned as under:—

South Australia	67·59	per cent.
Western Australia	19·39	"
Victoria	3·24	"
New South Wales	8·37	"
Queensland	0·89	"
Tasmania	0·08	"
Tasmanian cable	0·44	"
Total	100·00	per cent.

The average yearly traffic, taking the last two years only, was:—

Ordinary messages	1,862,412	words.
Government messages	48,608	"
Press messages	141,998	"
Total	2,053,018	words.

The colonial receipts under existing transit and terminal rates, taking the average of the last two years, were as follows:—

	Total for Two Years, 1897 and 1898.			Average per Year.		
	£	s.	d.	£	s.	d.
South Australia	89,582	0	0	44,791	0	0
Victoria	4,336	0	0	2,168	0	0
Tasmania and cable	770	0	0	385	0	0
New South Wales	11,084	0	0	5,542	0	0
New Zealand	8,004	0	0	4,002	0	0
Queensland	1,184	0	0	592	0	0
Western Australia	26,324	0	0	13,162	0	0
Total	£141,284	0	0	£70,642	0	0
Total				70,642	0	0
Excluding New Zealand... ..				4,002	0	0
Australian receipts				£66,640	0	0

Under pooling arrangements, adopting the percentage apportionment suggested by the Eastern Extension Company, the revenue to each colony would have been—

	£	s.	d.
South Australia	67·59	per cent.	45,042 0 0
Victoria	3·24	"	2,159 0 0
Tasmania	0·08	"	53 0 0
Tasmanian cable	0·44	"	293 0 0
New South Wales	8·37	"	5,578 0 0
Queensland	0·89	"	593 0 0
West Australia	19·39	"	12,922 0 0
Total	100·00	per cent.	£66,640 0 0

nearly corresponding in each case with the actual revenue of the several colonies under their existing charges. With, however, a common Australian terminal rate of 6d. on ordinary messages, 5d. on Government messages, and 4d. on Press messages the aggregate revenue of the colonies, taking the business of the last two years, would, of course, be much less, thus:—

	No. of Words.	£	s.	d.
Ordinary messages	1,862,412 at 6d.	46,560	6	0
Government messages	48,608 at 5d.	1,012	13	4
Press messages	141,998 at 4d.	2,366	12	8
Total	2,053,018	£49,939	12	0

instead of £66,640; and apportioning the receipts on the percentage basis proposed the receipts of each colony would have been—

			£	s.	d.
South Australia...	...	67.59 per cent.	33,754	0	0
Victoria	...	3.24 "	1,618	0	0
Tasmania	...	0.08 "	40	0	0
Tasmanian cable	...	0.44 "	220	0	0
New South Wales	...	8.37 "	4,180	0	0
Queensland	...	0.89 "	444	0	0
West Australia	...	19.39 "	9,684	0	0
Total	...	100.00 per cent.	£49,940	0	0

In the case of South Australia the loss of revenue would be about £11,000. Failing the acceptance of this percentage division, the company would still adhere to the uniform rate of 4s., 3s., and 1s. 6d. on ordinary, Government, and Press messages respectively, and pay the colonies their respective rates, taking the risk themselves. In this case, however, it is assumed that South Australia would lower its rates to 4d. on ordinary and Government messages, and to 3d. on Press messages. This, I find, would land the colony—taking the last two years—in a loss of over £18,000 a year on present revenue. Thus, excluding Western Australian business (which goes *via* Broome, and does not affect South Australia), and taking as before the average traffic of the last two years, the revenue of this colony on international telegrams at existing and proposed reduced rates would be as follows:—

	Approximate Number of Words.	Under Old Rates, due South Australia.	Under Proposed New Rates, due South Australia.
Ordinary messages ...	1,437,843	At 7d., £41,937	At 4d., £23,964
Government messages ...	42,608	" 5d., £888	" 4d., £710
Press messages ...	117,998	" 4d., £1,966	" 3d., £1,475
Total ...	...	£44,791	£26,149

If these rates are adopted in order to secure the reduced uniform tariff it may be assumed that the other colonies would, under the guarantee still in force, supplement the South Australian receipts up to £37,552, the amount guaranteed, until the Federal Government takes over the telegraph services, when the revenue will go into one Treasury, and one uniform Australian rate probably be adopted. In the meantime, or until we have federation, the percentage division would be preferable.

With this proposal before them the position of the colonies in regard to the Pacific cable is materially altered, and it is well worthy of consideration whether, instead of the colonial Governments individually committing themselves to the large monetary responsibility involved in that undertaking, it would not be better to postpone the matter for a short time and leave it to the Federal Government to deal with, and in the meantime allow the Eastern Extension Company to carry out their plan.

On the one hand, the colonies have an unconditional offer to lay a cable, costing, say, £1,800,000 sterling, along an entirely new alternative route, touching only at British territory, and giving a reduced tariff, without subsidy or guarantee of any kind, which will result in a large saving to the colonies, and tend to the development of trade with Africa. On the other hand, the Pacific scheme involves not only a large initial outlay of £2,000,000 or £4,000,000, according as one or two cables are laid, but a heavy annual loss for many years—a loss, too, which would be increased with another cable in addition to the three we have already.

It may be safely assumed that if the rates are the same, and other things equal, the traffic will be fairly divided between the several routes, or gravitate towards that route which is the most expeditious. The Eastern Extension Company's present cables, *via* Darwin, have the great advantage of connecting with many feeding-places, and will carry all the business with India, China, and other eastern countries; whereas the Pacific, after leaving Vancouver, will touch at no place of any importance, and will depend almost wholly on the traffic with the United Kingdom, Canada, and the United States. The traffic with America is very small—not more than 4 per cent. to 5 per cent. of the whole—whereas we have a considerable amount of cable business with South Africa.

With regard to the Pacific scheme, it is now generally admitted that, in order to secure as far as possible immunity from interruptions, it is necessary, or at least desirable, that there should be two cables. How far this feeling is justified will be seen from the following statement, showing the experience of the Anglo-American Telegraph Company with the Atlantic cables:—

1887	...	...	2 out of 7 cables broken at one time, leaving 5 working.
1888	...	...	2 " 7 " " 5 "
1889	...	...	3 " 7 " " 4 "
1890	...	...	2 " 7 " " 5 "
1891	...	...	3 " 7 " " 4 "
1892	...	...	2 " 7 " " 5 "
1893	...	...	3 " 7 " " 4 "
1894	...	...	4 " 7 " " 3 "
1895	...	...	3 " 7 " " 4 "

The route recommended by the Pacific Cable Committee at London, in 1896–97, was from Vancouver to Fanning Island (or Palmyra Island), Fiji, and Norfolk Island, with branches thence to New Zealand and Queensland.

The Committee point out that “there would be a decided advantage in taking the cable *via* the Hawaiian Islands, instead of *via* Fanning or Palmyra Island, as the section would be shorter and less costly for the same speed, or faster for the same cost, and some traffic would, if no line is laid from California, be obtained from Honolulu; but,” it is added, “this would involve a departure from the principle of using only British territory.” The Committee, however, later on have to admit that the Pacific cable, although connecting with only British territory, would necessarily be dependent on the American land-lines and trans-Atlantic cables.

The telegraph-line from the eastern seaboard of Canada to Vancouver belongs to the Canadian Pacific Railway Company, which connects at Canso, in Nova Scotia, with the Commercial Company's (an American company) three cables from Great Britain. The other Atlantic cable companies, whether British or foreign, connect and are in alliance with the American Western Union Telegraph Company, which effects a junction with the Canadian Pacific Railway Company's lines at Montreal, and will shortly, if it has not already done so, connect with Vancouver by means of its lines through the United States territory as far as British Columbia.

The traffic will therefore be divided, part of it going through an American-owned cable and Canada, and part through British and foreign cables and the United States. The latter route is said to be less affected by adverse climatic conditions and more reliable in the winter. If so, it will carry the greater volume of business. Surely this cannot be called an all-British line of communication complying with the Imperial sentiment which supports the undertaking.

The length of cable by the route recommended by the Committee, allowing 10 per cent. slack, is about 7,986 knots, viz. :—

Vancouver to Fanning Island	...	...	...	...	3,561 knots.
Fanning Island to Fiji	...	...	...	...	2,093 "
Fiji to Norfolk Island	...	...	...	...	961 "
Norfolk Island to New Zealand	...	...	...	...	537 "
Norfolk Island to Queensland	..	...	...	...	834 "
Total	...	...	...	...	7,986 knots.

The tenders received in 1894 for this section were—

	£	s.	d.
The Indiarubber, Guttapercha, and Telegraph Works Company	1,517,000	0	0
W. T. Henley's Telegraph Works Company	1,826,000	0	0
Siemens Bros. and Company	2,170,000	0	0
Fowler-Waring Cable Company	2,350,000	0	0

The total distance is given as 7,145 knots, which makes no allowance for slack. The tenders are for a State-owned cable, the contractor to maintain and keep the cable in repair for three years. Since these tenders were received the prices of copper and guttapercha have considerably risen. For the latter the price is still rising, and will, I am informed, probably reach 10s. per pound.

The cost of the cable, of course, largely depends on the type of cable to be used, the weight per knot of the copper-wire and the guttapercha forming the core necessary to attain a specified or reasonable speed of working in the longest length—viz., 3,561 knots. Lord Kelvin recommended a core of 552 lb. of copper and 368 lb. of guttapercha per knot for a speed of sixty letters per minute, possibly eighty letters. Sir William Preece, as Chief Electrical Engineer to the British Post and Telegraph Department, recommended 800 lb. of copper and 550 lb. of guttapercha for the longest section. Dr. A. Muirhead thinks a cable of 552 lb. copper and 368 lb. guttapercha, with experienced operators, would give eighty letters per minute, and with 650 lb. copper and 400 lb. guttapercha as much as ninety-five letters per minute, whilst Sir William Preece says it would give at most sixty-three letters, which appears to be confirmed by other experts.

From the somewhat conflicting evidence the conclusion arrived at by the Committee is that a core of 552 lb. copper and 368 lb. of guttapercha would give forty paying letters per minute, and that a core of 650 lb. of copper and 400 lb. of guttapercha would give forty-eight paying letters. They considered that the core should not be lighter than 552 lb. of copper and 368 lb. of guttapercha, nor over the long section heavier than 650 lb. of copper and 400 lb. of guttapercha. The speeds given are the theoretical speeds for simplex working.

As nearly all the cablegrams are in code, about eight letters on the average go to the word, and in calculating the working-capacity only paying words should be taken into account, at least one-third of the words sent being non-paying.

Then, again, owing to the difference of longitude—ten hours between England and the eastern colonies—the flow of traffic is mostly in one direction. The bulk of the messages from Australia come in between 4 and 6 p.m., reaching, or being delivered in, London in the early morning, whilst messages from London are handed in during the afternoon and are delivered in Australia in the morning. But little advantage, therefore, is gained by duplexing, which can only occasionally be availed of, and there are many hours in the twenty-four when the cables are practically silent. The business comes in rushes at certain hours of the day, and to work it off quickly to avoid delay duplexing or two cables are required.

In view of this the Committee quite correctly, in estimating the working-capacity of the Pacific cable, adopt eighteen hours a day for six days a week, and take into account only payable words, and neglect words used in preambles, official communications, repeats, &c., which constitute, as

already stated, fully one-third or more of the total work. Their estimate of a year's payable work with two different types of core is as follows:—

First core (522 lb. of copper and 368 lb. of guttapercha per knot)—Forty paying letters, or five paying words, per minute, 1,620,000 words a year.

Second core (650 lb. of copper and 400 lb. of guttapercha per knot)—Forty-eight paying letters, or six paying words, per minute, 1,944,000 words a year.

The Committee estimated the cost of the lighter cable at £1,500,000, and the heavier type at £1,800,000; but, owing to the greatly advanced prices for both copper and guttapercha, the cost now (including survey, station buildings, two repairing-steamers, &c., and, say, six months' maintenance by the contractor) would probably exceed £2,000,000 for one cable, or, say, £4,000,000 for two cables, as the extra demand would still further raise the price of guttapercha.

The cables would have to be made in accordance with a specification approved in every respect by the British Telegraph Department. If capital raised at $2\frac{1}{2}$ per cent., the annual cost would be:—

					<i>One Cable.</i>		
					£	s.	d.
Interest on £2,000,000, at $2\frac{1}{2}$ per cent.	...	...	...	...	5,000	0	0
Sinking fund, say	...	...	...	...	20,500	0	0
Working-expenses	...	...	...	...	25,000	0	0
Maintenance, including two steamers, renewals, &c....	...	...	...	...	80,000	0	0
Total	...	...	...	...	£175,500	0	0
If interest $2\frac{3}{4}$ per cent.	...	...	...	...	£180,500	0	0
					<i>Two Cables.</i>		
Interest on £4,000,000, at $2\frac{1}{2}$ per cent.	...	...	...	...	100,000	0	0
Sinking fund	...	...	...	...	41,000	0	0
Working-expenses	...	...	...	...	30,000	0	0
Maintenance	...	...	...	...	135,000	0	0
Total	...	...	...	...	£306,000	0	0
If interest $2\frac{3}{4}$ per cent.	...	...	...	...	£316,000	0	0

The foregoing estimates are very moderate. The annual cost of maintenance, which includes all repairs and renewals of cable, is necessarily an uncertain and variable factor, as it depends on the nature and number of faults and breakages of the cable and the quantity of new cable required. A break in the deep sections of the Pacific might, and probably would, cause a prolonged and costly interruption, in which case the estimate for the year might be largely exceeded. We may anticipate that the whole of the original cable would be replaced in probably less than forty years—such is the general experience, and the life of a cable is variously estimated at from twenty-five to thirty years.

The sinking fund provides for various contingencies and for gradual replacement of capital; the working-expenses provide for six stations—Vancouver, Fanning Island, Fiji, Norfolk Island, New Zealand, and the Australian Coast—also for general management.

Coming now to probable revenue, it is, of course, impossible to say how much of the traffic would be diverted. A working arrangement would, no doubt, be arrived at by the proprietary Governments on the one side and the Eastern Extension Company on the other. Actual competition would be avoided, and the rates, as far as possible, assimilated. We may assume that practically the whole of the West and South Australian traffic would go by existing routes and the proposed cable from Africa, and about one-half of the traffic with the eastern colonies, except New Zealand. The number of words during the past three years (1896, 1897, and 1898) was as follows:—

	Words.		
	1896.	1897.	1898.
Victoria ...	551,894 $\frac{1}{2}$	508,554 $\frac{3}{4}$	499,033 $\frac{1}{2}$
Tasmania...	10,893	12,410	11,718 $\frac{1}{2}$
New South Wales ...	481,409 $\frac{1}{2}$	484,715	486,260
Queensland ...	14,135	52,012 $\frac{1}{2}$	89,889
New Zealand ...	288,842	246,365	221,508 $\frac{1}{2}$
Total east colonies	1,347,174	1,304,057 $\frac{1}{4}$	1,308,409 $\frac{1}{2}$
South Australia ...	307,487	306,232 $\frac{3}{4}$	299,319
West Australia ...	672,323	511,926	376,091 $\frac{1}{2}$
Total west colonies	979,810	818,158 $\frac{3}{4}$	672,410 $\frac{1}{2}$
Grand total	2,326,984	2,122,216	1,983,820

The business with West Australia has, largely increased, owing to the developments in gold-mining and consequent active speculations. The last two years, however, show a steady decline. Looking at the figures for the other colonies, we find also a decrease in 1898 on 1897. It would not be safe to estimate a yearly increase in the future of more than 5 per cent.; but, to take a favourable view, I would allow, say, 900,000 words as the Pacific cable's share in 1903 or 1904. These would consist mostly of ordinary messages, and the balance the average proportion (about one-ninth) of Government and Press matter. The through rate suggested is 3s. on ordinary messages; or, deducting the out-payments to Europe, the Atlantic cables, Canada, or American land-lines, and Australia, say, 1s. 6d., the Pacific share would be 1s. 6d. Taking, for simplicity's sake, all the words at ordinary rates, we have:—

<i>With One Cable.</i>				£	s.	d.
Revenue—900,000 words at 1s. 6d.	...	...	...	67,500	0	0
Expenditure—One cable	...	...	...	175,500	0	0
Loss, first year, at $2\frac{1}{2}$ per cent. interest on capital	...	...	...	108,000	0	0
Or, if interest $2\frac{3}{4}$ per cent.	...	...	...	113,000	0	0

<i>With Two Cables.</i>				£	s.	d.
Revenue—900,000 words at 1s. 6d.	...	...	...	67,500	0	0
Expenditure—Two cables	...	...	...	306,000	0	0
Loss, first year, at $2\frac{1}{2}$ per cent. interest on capital	...	...	...	238,500	0	0
Or, if interest $2\frac{3}{4}$ per cent.	...	...	...	248,500	0	0

Australia would bear one-third the loss.

With a through rate of 3s. 6d., or Pacific charge of 2s. per word, the figures would be:—

<i>One Cable.</i>				£	s.	d.
Revenue	...	...	...	90,000	0	0
Expenditure (taking interest at $2\frac{1}{2}$ per cent.)	...	...	...	175,500	0	0
Loss first year	...	...	...	85,500	0	0
Or interest at $2\frac{3}{4}$ per cent.	...	...	...	90,500	0	0

<i>Two Cables.</i>				£	s.	d.
Revenue	...	...	...	90,000	0	0
Expenditure ($2\frac{1}{2}$ per cent. interest)	...	...	...	306,000	0	0
Loss first year	...	...	...	216,000	0	0
Or at $2\frac{3}{4}$ per cent.	...	...	...	226,000	0	0

have before said, it would not be safe to calculate on a greater average rate of increase of traffic than 5 per cent. per annum. Assuming this to be accepted, then with two cables, and taking the interest on capital at $2\frac{1}{2}$ per cent., and the Pacific rate at 2s. a word, the loss during the first ten years would be approximately as follows:—

				Loss.		
				£	s.	d.
First year	...	...	...	216,000	0	0
Second year	...	...	...	211,500	0	0
Third year	...	...	...	206,775	0	0
Fourth year	...	...	...	201,814	0	0
Fifth year	...	...	...	196,604	0	0
Sixth year	...	...	...	191,135	0	0
Seventh year	...	...	...	185,392	0	0
Eighth year	...	...	...	179,361	0	0
Ninth year	...	...	...	173,029	0	0
Tenth year	...	...	...	166,380	0	0
Total	...	...	...	£1,927,990	0	0

or an accumulated loss in ten years of £1,927,990, without counting interest.

<i>With one cable the loss would be—</i>				£	s.	d.
First year	...	...	...	85,500	0	0
Second year	...	...	...	81,000	0	0
Third year	...	...	...	76,275	0	0
Fourth year	...	...	...	71,314	0	0
Fifth year	...	...	...	66,104	0	0
Sixth year	...	...	...	60,635	0	0
Seventh year	...	...	...	54,892	0	0
Eighth year	...	...	...	48,861	0	0
Ninth year	...	...	...	42,529	0	0
Tenth year	...	...	...	35,880	0	0
Loss in ten years	...	...	...	£622,990	0	0

If we allow an increase of 7 per cent. per annum, which, I fear, is not likely to be realised, the loss would still be very serious, as shown in the following table:—

Seven per Cent. Increase.	Expenditure.			—	Expenditure.				
	£	s.	d.		£	s.	d.		
	175,500	0	0		306,000	0	0		
	Revenue.			Loss with One Cable.	Loss with Two Cables.				
	£	s.	d.	£	s.	d.	£	s.	d.
First year ... 900,000 words at 2s.	90,000	0	0	85,500	0	0	216,000	0	0
Second year ... 963,000 "	96,300	0	0	79,200	0	0	209,700	0	0
Third year ... 1,030,410 "	103,041	0	0	72,459	0	0	202,959	0	0
Fourth year ... 1,102,539 "	110,254	0	0	65,246	0	0	195,746	0	0
Fifth year ... 1,179,716 "	117,972	0	0	57,528	0	0	188,028	0	0
Sixth year ... 1,262,297 "	126,230	0	0	49,270	0	0	179,770	0	0
Seventh year ... 1,350,657 "	135,065	0	0	40,435	0	0	170,935	0	0
Eighth year ... 1,445,202 "	144,520	0	0	30,980	0	0	161,480	0	0
Ninth year ... 1,546,366 "	154,636	0	0	20,864	0	0	151,364	0	0
Tenth year ... 1,654,611 "	165,461	0	0	10,039	0	0	140,539	0	0

If we take the Committee's somewhat lower estimate of the yearly expenditure, and put the cost of the cable at £2,000,000, which under such a specification as would satisfy the Imperial authorities would at present prices probably be exceeded, and allowing the sanguine estimate of 7 per cent. for yearly increase, the position would be:—

—	Revenue.			Expenditure.			Loss.			Surplus.		
	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.
First year with one cable ...	90,000	0	0	160,464	0	0	70,464	0	0	...	...	...
At the end of the tenth year...	165,461	0	0	160,000	0	0	...	...	...	5,461	0	0

With two cables the loss the first year would be about £200,000, and at the end of the tenth year £120,000. Thus, under any circumstances, the Australian Colonies would have to bear a serious loss under the Pacific scheme, whilst by the adoption of the Eastern Extension Company's proposals they would derive, at no cost, all the advantages of an additional cable by an all-British route, and reduced uniform rates, commencing at 4s., with gradual reductions to 2s. 6d.

Whatever decision is arrived at with regard to the Pacific cable, I would respectfully urge that there should be no hesitation in accepting the Eastern Extension Company's proposal, which in every respect is favourable to the colonies, which have only to decide on the adoption of a uniform Australian terminal rate to make the through charge on telegrams the same to every colony.

I should, perhaps, add, as showing the claims of South Australia for consideration, that in a few weeks we shall have two through wires from Adelaide to Port Darwin, one being a No. 10 S.W.G. hard-drawn copper wire. Both will be worked duplex, and together will be capable of doing more than thrice the present amount of business.

On the completion of the erection of the second wire, South Australia, unaided by any of the other colonies, will have incurred a capital outlay of over £570,000. It should also be borne in mind that for many years the colony, in providing this means of communication, incurred a large annual loss.

I have, &c.,

CHARLES TODD,

Postmaster-General and Superintendent of Telegraphs.

P.S.—Since writing the foregoing I have received a message from London giving further details of the proposed sliding-scale on a basis more favourable to the Australian Governments. By this it appears that: (1.) If the associated companies' receipts from Australasian traffic at a 4s. tariff in 1898, 1899, and 1900 average £350,000, the rate will be reduced to 3s. 6d. in 1901. (2.) If the average receipts are maintained at £350,000 in 1899, 1900, and 1901, the charges on messages would then be reduced in 1902 to 3s. (3.) If the average receipts are maintained at £350,000 in 1900, 1901, and 1902, the charge to be reduced in 1903 to 2s. 6d. (4.) Should the average receipts not keep up to £350,000 any one of the above reductions would be postponed until the receipts average the standard figure of £350,000 for three consecutive years.

The Hon. the Minister of Education and Agriculture.

C. TODD.

[Telegrams from the Eastern Extension Company to the Postmaster-General, Adelaide.]

No. 1.—As Melbourne Press still advocating Cape route, and Ministers admitted to recent deputation that the proposition fell through only because Australia refused to assist it, company is prepared meet the difficulty by entirely waiving subsidy and other conditions, and, besides laying Cape-Perth cable direct to Glenelg, will at once reduce tariff to 4s., and arrange for further reductions on sliding-scale as traffic increases. All the company would require in return for thoroughly liberal concessions would be right to collect and deliver their international messages

from and to public direct at Adelaide, Perth, and Melbourne, as they have always done in Great Britain. This is absolutely necessary to prevent company being wholly at mercy of federated Australia, who might otherwise resort to unfair competition in event of Pacific cable proving unremunerative.

No. 2.—Should company's Cape proposal be accepted, would propose new rate 4s. be made uniform throughout Australia. If this acceptable, suggest Australian uniform tariff "ordinary," 6d. out of 4s.; Government, 5d. out of 3s.; Press, 4d. out of 1s. 6d. Would also suggest that revenue from this uniform terminal should be divided among Australian Administrations according to percentage given below. If not, company would notify uniform rate throughout Australia, and pay out to Australia exact risks, taking risk of average itself. In the latter case, assume South Australia would take 4d. ordinary, 4d. Government, and 3d. Press. To meet any possible objection to extending Perth cable to Glenelg, company prepared to pay South Australia same terminal at Adelaide as at Port Darwin, even if collection and delivery duties performed by company. We estimate value of all Australian transit and terminal rates, including Tasmanian cable rate and terminal, but excluding cable rate and terminal New Zealand, average two years 1897 and 1898, £66,332. Divided by percentage :—

							Per Cent.
South Australia	...	...	...	...	...	...	67·59
West Australia	...	...	...	...	...	...	19·39
Victoria	...	...	...	...	...	...	3·24
New South Wales	...	...	...	...	...	...	8·37
Queensland	...	...	...	...	...	...	0·89
Tasmania	...	...	...	...	...	...	0·08
Tasmania cable	...	...	...	...	...	...	0·44
Total	...	...	...	...	...	...	100·00

Average rate per word—Ordinary, 8d.; Government, 6½d.; Press, 4½d.

No. 3.—Western Australian Government having informed us they agree to company's latest proposal, hope soon learn that your Government also concur.

No. 4.—Referring last portion our offer to reduce tariff below 4s. on sliding scale, following are details proposition based on arrangement to be applied to South African traffic. Present Australasian guarantee figure is £227,000, to which would have to be added £123,000 to cover estimated yearly expenses in connection with new line between Africa and Australia, making total £350,000, or £15,000 less than average of last three years' Australasian revenue. When for three consecutive years total value of traffic to associated companies has averaged above amount tariff would be reduced to 3s. 6d. per word. If average value any three consecutive years exceeds £350,000, tariff reduced to 3s., and if average any other consecutive three years exceeds that sum, tariff reduced to 2s. 6d. Consequently, if tariff continues to average £350,000 after reductions, tariff for—

							s.	d.
First three years would be	...	...	...	...	...	...	4	0
Fourth year	...	...	...	...	...	...	3	6
Fifth year	...	...	...	...	...	...	3	0
Sixth year	...	...	...	...	...	...	2	6

No. 5.—Since giving you details of sliding scale, following basis, more beneficial to Government, has been arranged for South Africa, and we are prepared extend same basis to Australia. If associated companies' receipts from Australasian traffic at 4s. tariff in 1898, 1899, and 1900 average £350,000, rate would be reduced to 3s. 6d. in 1901. If average receipts maintained at £350,000 for 1899, 1900, and 1901, tariff would then be reduced in 1902 to 3s. If average receipts maintained at £350,000 in 1900, 1901, and 1902, tariff would be reduced in 1903 to 2s. 6d. Should average receipts not keep up to £350,000, any one of above reductions would be postponed until receipts averaged standard figure of £350,000 for three consecutive years.

No. 140.

The Hon. the PREMIER, Melbourne, to the Hon. the PREMIER, Wellington.

(Telegram.)

Melbourne, 31st August, 1899.

HAVE you any objection, as our partner in Pacific Ocean telegraph-cable scheme, to Victoria granting concessions asked for by Telegraph Company; which are fully known to you? Has similar proposition been submitted to you; if so, what action has been taken with regard to it?

No. 141.

The Hon. the PREMIER, Wellington, to the Hon. the PREMIER, Melbourne.

(Telegram.)

Wellington, 11th September, 1899.

INADVISABLE, I think, allow Eastern Company establish office for delivering and collecting their international telegrams. The concession, it appears to me, would place company in exceptionally strong and independent position as competitor, and prevent Government determining what traffic should be sent over Pacific cable. Proposals not made this colony, but I received from company copy of letter forwarded your Postmaster-General on 24th July. I replied that, as New Zealand was committed to Pacific-cable scheme, we could not support Cape-Australia cable.

[Read here Enclosure 3 in No. 118, and Enclosures 5 and 6 in No. 119.]

No. 142.

The SECRETARY, General Post Office, Wellington, to the ACTING-MANAGER in AUSTRALASIA,
Eastern Extension Company, Melbourne.

SIR,— General Post Office, Wellington, 29th December, 1899.
I have been directed to acknowledge the receipt of your letter of the 8th August last,
forwarding information regarding the sliding scale proposed by your company in connection with
the Cape cable. I have, &c.,
W. GRAY, Secretary.

The Acting-Manager in Australasia,
Eastern Extension, Australasia, and China Telegraph Company (Limited), Melbourne.

No. 143.

The AGENT-GENERAL to the Hon. the PREMIER.

Westminster Chambers, 13, Victoria Street, London, S.W.,
13th January, 1900.

SIR,— In the last week of December I received from the Agent-General for Victoria copies of
correspondence which had passed between the Premiers of New South Wales, Victoria, New
Zealand, and Queensland relative to certain proposals of the Eastern Extension Company as to
laying the cable between Australia and South Africa, and the terms upon which they were pre-
pared to lay it. The covering letter of the Premier of Victoria stated that the Governments of the
four colonies had decided to refer the matter to the Australasian delegates on the Pacific Cable
Board and to the Agent-General for Queensland. I also gathered that we were to confer with the
High Commissioner for Canada, and possibly go on to discuss the question with the Colonial
Office and the directors of the Eastern Extension Telegraph Company. The four Australasian
Agents-General referred to discussed the matter, and on the 8th of this month had a meeting with
the High Commissioner for Canada. The Agents-General for Victoria and Queensland and myself
were quite clear that the proposals of the Telegraph Company, if accepted, would be fatal to the
commercial success of the Pacific cable, and that they had probably been made with this object.
The High Commissioner for Canada entirely concurred in this view, and it was agreed that a
telegram giving our opinions should be sent to the Premier of Victoria, and through him to yourself
and the Premier for Queensland. The Agent-General for New South Wales declined to join with
us in doing this, on the ground that some six weeks previously he had forwarded a letter from his
Government to the Colonial Office asking for the opinion of the Imperial Government on the
proposals of the Telegraph Company. He stated also that the Colonial Office had replied to this
to the effect that, subject to certain unimportant provisos, it saw no objection to the proposals.
I think I may say that this information from the Agent-General for New South Wales caused us
some surprise.

The second meeting of the Pacific Cable Board took place on the 9th of this month. All the
delegates were present except Lord Aberdeen. A number of communications were read from
experts and officials as to the cost of the cable and the advantages of the route proposed. It
would appear that since 1896, when the Imperial Commission sat, the Admiralty has taken a
number of soundings between Vancouver, Fanning Island, and Norfolk Island. The result of this
is reassuring. The bottom on which the cable will have to be laid is favourable, being of brown
ooze, and fairly level. There are no remarkable chasms, and the greatest depth is slightly over
3,400, instead of being as deep as 4,000 fathoms which was at one time suggested. It would
seem that Fanning Island will make a very good landing-station. Another point elicited is that a
French company has lately laid a cable across the Atlantic from Brest to Cape Cod, which is only
400 miles shorter than the longest link of the proposed Pacific cable. Since 1896, moreover,
various savings in processes connected with the working of cables have been discovered, which will
materially reduce the cost. As against this, there has been a sharp rise in copper and guttapercha,
which will considerably increase the expensiveness of the materials. The main difficulty, how-
ever, which we will have to face is that large orders have been lately given for the manufacture of
cables, so large as to absorb all the guttapercha in the market for some time to come. I have no
doubt whatever that this is in part due to the Eastern Extension Company.

I have, &c.,
W. P. REEVES.

The Hon. the Premier, Wellington.

No. 144.

The Hon. the PREMIER, Sydney, to the Hon. the PREMIER, Wellington.

SIR,— Premier's Office, Sydney, New South Wales, 17th January, 1900.
I have the honour to transmit, for your perusal, a copy of a minute which has been
written by my honourable colleague the Postmaster-General, relative to the proposals of the
Eastern Extension Telegraph Company (Limited).

I should be glad to be favoured with your Government's views before we come to a final
decision; and, in view of the urgency of the matter, perhaps they could be telegraphed.

I have, &c.,
WILLIAM JOHN LYNE.

The Hon. the Premier, Wellington.

Enclosure in No. 144.

MINUTE.—*In re* Proposals of the Eastern Extension Telegraph Company (Limited).

IN regard to the present position of this matter, I think it expedient, in view of the recent Ministerial changes in some of the colonies, that the Victorian, Queensland, and New Zealand Governments should be communicated with to the following effect, namely: On the 25th of October, 1899, it was considered desirable by the Government of this colony to ask its Agent-General, by cable, to take the following action:—

“Wish you to consult Mr. Chamberlain *re* proposals of Eastern Extension Company as bearing on prospects Pacific cable. Our contract with company expires 31st instant. We desire accept their proposals if Imperial Government see no objection, having in view prospects of Pacific cable. Company entirely waive renewal subsidy, £32,400, and guarantee against competition; and, in addition to providing cable all way to Glenelg, *via* Perth, agree at once reduce tariff to 4s. (present rate 4s. 9d.), Government rate 3s., Press rate 1s. 6d. per word, and make further reductions on sliding scale as traffic increases. Sliding scale as follows: ‘The amount now guaranteed by Australian Governments is £227,000, which, with £123,000 for the estimated yearly expenses of the new Cape line, forms a minimum of £350,000, or £15,000 less than present actual receipts of associated companies. If receipts for years 1898, 1899, and 1900 average £350,000, the 4s. tariff would be reduced in 1901 to 3s. 6d. If they are maintained at £350,000 for the years 1899, 1900, and 1901, tariff would be reduced to 3s. in 1902. If average receipts maintained 1900, 1901, and 1902, tariff would be reduced 1903 to half-a-crown a word. Receipts must average £350,000 for three consecutive years before the next reduction of 6d. per word is made.’

“In return, company require same privilege in Perth, Adelaide, Melbourne, and Sydney as now enjoy Great Britain, of directly delivering and collecting their international telegrams to and from public. Privilege mentioned as enjoyed in Great Britain is that companies pay British Post Office £5 yearly per mile for each wire, and work both ends by their own operators, collecting and delivering traffic direct with the public. All telegrams to places other than those where the companies have offices are dealt with by Post Office, who are paid their ordinary inland tariff. If the company’s terms are accepted, the whole line might be in working-order within two years.

“Company further agrees whilst they enjoy this privilege not to increase tariff as it stands in 1902 or 1903, whichever year is the lower; this agreement obtained in order prevent increase rates should it happen that from any cause Pacific cable be delayed. Cable reply.”

In reply, the Agent-General despatched the following two messages:—

“2nd November, 1899.

(1.) “Referring to your telegram of the 25th ultimo *re* Eastern Extension Company’s proposal, am communicating with Mr. Chamberlain, and hope to report result in a few days.

“3rd November, 1899.

(2.) “In continuation telegram second, Mr. Chamberlain sees no objection to acceptance Extension Company’s proposals contained in your telegram 25th ultimo. He points out, however, it is not expressly stated that company is not in any case to increase its rates, and phrase at end telegram appears imply power reserved increase rate up to 1903 if revenue falls below amount fixed. Mr. Chamberlain would suggest you stipulate that, once reduction made, it must stand though traffic falls off. He also thinks you should insist on South Africa to Australia cable being made all-British. No mention is made as to rates between South Africa and Australia; and although this point does not directly concern Imperial Parliament or Mr. Chamberlain, of opinion you would do well to stipulate for fair maximum rate, least, if not for sliding scale, as in other case. Finally, Mr. Chamberlain of opinion that arrangement should be made by which points where new cable landed would be settled in consultation with military authorities, with view insuring they shall be landed where shore ends can be protected by fixed defences.”

It was suggested by the late Postmaster-General of Victoria (Mr. Duffy) that the proposals of the Eastern Extension Company should be submitted to the Advisory Board in England; but this Government did not consent to the adoption of that course, as it was not considered to be any part of the Board’s duty to deal with those proposals, and on being so advised Mr. Duffy forwarded, through the Premier of Victoria, a memorandum, dated 24th November, of which the following is a copy:—

“I regret Mr. Lyne’s action. The suggested reference is not to the Advisory Board on Pacific Cable, but to the three Australasian representatives. The suggestion is made because—

“(1.) The matter of agreement with Eastern Extension Company is one that should be decided by colonies interested after discussion.

“(2.) It has been found impossible up to the present time to assemble representatives of these colonies in Australia.

“(3.) The directors of the Eastern Extension Company are on the spot in London, and can be dealt with direct. The agent here has no powers.

“(4.) The Australasian members of the Pacific Cable Board are in the best position to ascertain the opinions of the Imperial and Canadian authorities, our partners in the Pacific scheme, as to the proposed concessions; and

“(5.) To see that any concession given to the company will not unduly prejudice the Pacific-cable scheme.

“I presume the Government of New South Wales will not act in the matter without giving us notice confidentially beforehand of what is proposed to be done.

“We are drifting into a most unfortunate position in this affair, owing to the fact that the question has never been properly discussed by the colonies interested. The future of the Pacific-cable scheme is involved, and if we are not careful we will play into the hands of the worst enemies of that scheme.

“If New South Wales Government will not agree to Australasian members Pacific Board acting, will it call conference of colonies interested to discuss question?”

It is understood that the Governments of South Australia and Western Australia have accepted the company's proposals; and I am disposed to advise the Government of this colony to do the same, on condition that it agrees to reduce the tariff at once as regards such colonies as accept the proposals, and that the promised payment of £5 per mile per annum for use of our land-lines be made concurrently with the reduction of tariff, or so soon as we can place a wire at its disposal. We should thus secure an immediate reduction of rates without subsidy or guarantee, whilst under the most favourable circumstances the Pacific cable could not be completed for at least three years.

It is desired to learn the views of the Governments of Victoria, Queensland, and New Zealand on the subject before a final decision with regard to it is arrived at here. The Queensland and New Zealand Governments should be communicated with, as partners in the proposed Pacific-cable scheme, and I would suggest that the latter be asked to reply by cable.

It might be added that the Agent-General for New South Wales, in a letter dated 10th November, 1899, addressed to you, makes the following statement: “. . . The present enhanced value of all the materials needed for the manufacture of cables has made the obtaining of tenders for the Pacific cable within the limits contemplated for the present, perhaps, impossible.”

It seems to me that, unless we come to terms with the company, we will be at the company's mercy for at least the next three years.

The Hon. the Premier, Sydney.

W. P. CRICK.

No. 145.

The Hon. the PREMIER, Ottawa, to the Hon. the PREMIER, Wellington.

(Telegram.)

Ottawa, 22nd January, 1900.

WOULD sincerely hope that project of Eastern Extension Telegraph Company will not be accepted. Any kind of delay at this moment might be fatal.

No. 146.

The Hon. the PREMIER, Wellington, to the Hon. the PREMIER, Ottawa.

(Telegram.)

Wellington, 23rd January, 1900.

NEW ZEALAND will not accept Eastern Extension Company's offer, and has protested against Australia accepting, as inimical to Pacific cable.

No. 147.

The Hon. the PREMIER, Wellington, to the Hons. the PREMIERS, Melbourne and Sydney.

(Telegram.)

Wellington, 23rd January, 1900.

HAVE you received recommendation from the Secretary of State for Colonies to accede to Eastern Extension Company's Cape to Australia cable scheme? New Zealand considers acceptance of such scheme breach of faith Pacific-cable arrangement, seeing it must reduce earnings and increase liabilities.

No. 148.

The Hon. the PREMIER, Melbourne, to the Hon. the PREMIER, Wellington.

(Telegram.)

Melbourne, 24th January, 1900.

VICTORIAN Government has received no direct communication from Secretary of State for Colonies concerning Eastern Extension Company's proposals; but Mr. Lyne, Premier of New South Wales, has forwarded a copy of letter from Colonial Office to Agent-General for New South Wales, dated third November, which states that Mr. Chamberlain sees no objection to acceptance of proposals by Government of New South Wales. The whole question is now before the Premiers' Conference in Sydney.

No. 149.

The Hon. the PREMIER, Wellington, to the Hon. the PREMIER, Brisbane.

(Telegram.)

Wellington, 24th January, 1900.

I YESTERDAY sent following cablegram to Premiers, Melbourne and Sydney: Have you received recommendation from Secretary of State for Colonies to accede to Eastern Extension Company's Cape to Australia cable scheme? New Zealand considers acceptance of such scheme breach of faith Pacific-cable arrangement, seeing it must reduce earnings and increase liabilities.

No. 150.

The Hon. the PREMIER, Brisbane, to the Hon. the PREMIER, Wellington.

(Telegram.)

Brisbane, 24th January, 1900.

REFERRING to your telegram to-day: Have received no recommendation from Secretary of State on subject. Yesterday telegraphed, in reply to Sir Wilfrid Laurier, that Queensland most desirous see Pacific cable immediately proceeded with, and would not lend countenance to any proposals of Eastern Extension Company which might tend to delay or prejudice Pacific-cable scheme.

No. 151.

The Hon. the PREMIER, Sydney, to the Hon. the PREMIER, Wellington.

(Telegram.)

Sydney, 27th January, 1900.

Your telegram of 23rd: On twenty-fifth October last I cabled Agent-General to consult Mr. Chamberlain *re* Eastern Extension Company's proposals as bearing on prospects Pacific cable. Reply received third November that "Mr. Chamberlain sees no objection to acceptance Eastern Extension Company's proposals contained in your telegram twenty-fifth ultimo. He points out, however, it is not expressly stated that company is not in any case to increase its rates, and phrase at end telegram appears imply power reserved increase rate up to 1903 if revenue falls below amount fixed. Mr. Chamberlain would suggest you stipulate that once reduction made it must stand though traffic falls off. He also thinks you should insist on South Africa to Australia cable being made all-British. No mention is made as to rates between South Africa and Australia, and, although this point does not directly concern Imperial Government or Mr. Chamberlain, of opinion you would do well to stipulate for fair maximum rate at least, if not for sliding scale as in other case. Finally, Mr. Chamberlain of opinion that arrangement should be made by which points where new cable landed would be settled in consultation with military authorities, with view insuring they shall be landed where shore ends can be protected by fixed defences. On seventeenth I forwarded to you and to Victoria and Queensland copy of minute of our Postmaster-General dealing fully with matter, and asking views of different Governments.

No. 152.

The Hon. the POSTMASTER-GENERAL, Brisbane, to the Hon. the POSTMASTER-GENERAL, Wellington.

SIR,—

Post and Telegraph Department, Brisbane, 1st February, 1900.

I have the honour to draw your attention to the action now being taken by the Eastern Extension Telegraph Company with a view of inducing the Australasian Colonies to make a fresh agreement with them, and to point out that the acceptance of a new agreement on the terms proposed would have the effect of indefinitely postponing the construction of an all-British cable *via* Vancouver, for the following reasons:—

(1.) Acceding to the proposal of the company to open their own offices for the collecting and distributing of messages in the colonies would give the company power to make their own terms with the general public, by privately canvassing for business, offering discounts or rebates below the recognised tariff, and thus enable them to practically control the greater part of the traffic.

(2.) As the tariff for the Pacific cable would be arranged by the Board in London, and no alteration therein could be made without the sanction of that Board, all the parties to the Pacific cable would suffer great loss in competing for traffic with the company.

(3.) And under these circumstances it is extremely probable that the Imperial Government and Canada would withdraw from the compact.

Herewith I beg to hand you, for your information, copy of a report furnished by this department on the subject, and also a leading article which appeared in the *Brisbane Courier* of yesterday morning.

I have, &c.,

JAMES G. DRAKE,
Postmaster-General.

The Hon. the Postmaster-General, Wellington.

Enclosure 1 in No. 152.

REPORT *re* PROPOSAL OF THE EASTERN EXTENSION COMPANY TO LAY A CABLE BETWEEN THE CAPE AND AUSTRALIA.

FROM the *Sydney Morning Herald* of the 9th instant it appears that the conference of the Postmasters-General of Victoria and New South Wales just held in Sydney has resulted "in a general agreement being arrived at that the Governments of the two colonies represented would recognise the proposed Cape cable, upon the condition that no 'cutting rates' were adopted as against the Pacific cable"; and it is further stated that "an answer to a cable message despatched to England in the matter, and stating the result of the conference, is now being awaited by all parties interested."

The proposal *in re* the Cape cable, as given by Mr. J. E. Squier, Acting-Manager for the E.E.A. and C.T. Company in Australasia, is: "The company will entirely waive renewal of subsidy and guarantee against competition, and, in addition to providing a cable from the Cape all the way to Glenelg, *via* Perth, will at once reduce tariff to 4s. for the whole of Australia, and make further reductions on a sliding scale as traffic increases" until the reduction reaches 2s. 6d. per word in 1903. "In return for the above, the company will only require the same privilege in Perth, Adelaide, and Melbourne, as they have hitherto enjoyed in Great Britain, of directly distributing and collecting their international telegrams to and from the public." The Governments of Western Australia and South Australia have notified their acceptance of the company's proposal.

"With this right being conceded, the company had no fear of the competition of the Pacific cable, which would, of course, be under Government control." The result of such a concession would be to enable the company to make contracts with the chief cable users that would enable them to monopolise the large bulk of the business for a number of years.

When asked in the Victorian Assembly, in August last, what action the Victorian Government proposed taking Mr. Duffy said, "No reply could be given until the matter had been considered by the colonies. It must, however, be considered in relation to the effect it may have on the Pacific cable."

Now, apparently, without consulting either this colony or New Zealand, both of which are included in the Australian compact for the Pacific cable on precisely equal terms and responsibilities with Victoria and New South Wales, the Postmasters-General of the two latter colonies meet in secret conclave and despatch a cable message to England intimating that they "would recognise the proposed Cape cable upon the condition that no 'cutting rates' were adopted as against the Pacific cable."

Mr. J. S. Larke, in his letter to the Premier of this colony, dated the 4th instant, says: "If the concession is granted, and the Eastern Extension Company secured the monopoly of the business, the share of the loss of Canada in working the Pacific cable would be £30,000 per annum—a sum which, I venture to say, its people would not care to undertake; and it is questionable if the Imperial Government would do so either, judging from the fact that it fixed its responsibility some time ago at a maximum of £20,000. This would put an end to the Pacific cable."

If the action of the Postmasters-General of Victoria and New South Wales is indorsed by their respective Governments, and presumably it is or the cablegram would not have been sent to England, it should call forth the strongest protest from the other Australasian guarantors to the Pacific scheme, as it is antagonistic to the objects sought to be obtained by the promoters of that cable from the first occasion on which the scheme was suggested, and all through the various conferences and meetings which have been held from time to time to bring it about: that was, a reduction of the excessive rates charged, and the breaking-down of a gigantic and unscrupulous monopoly. Latterly, added to this has been the idea of an all-British cable, but the main reason given for years was the reduction in the rates. All attempts to effect the latter hitherto have been met with extortionate demands for subsidies and guarantees, and it has only been the prospect of a competing cable that has brought the monopolistic company to make their present offer to lay a cable from the Cape to Australia without subsidy or guarantee, but with the right to establish their own receiving and distributing centres throughout the colonies, which, however, is equivalent to a very heavy subsidy. Some two years ago the chairman of the company, at one of its half-yearly meetings, stated that the establishment of cable communication by the Pacific as proposed would mean a loss to the company of £250,000 per annum, and therefore he could assure the shareholders that no stone would be left unturned to prevent a Pacific cable being laid. Every effort has therefore been tried to obstruct the scheme throughout whilst the negotiations were being considered, and this last attempt is for no other purpose. The plausible offer now made, whilst appearing to be very liberal in foregoing any demand for subsidy or guarantee, would, if accepted, be the death-blow to the Pacific scheme. By the enormous subsidies the E.E.A. and C.T. Company has received, which are stated by the *Electrical Review* of 7th July last to largely exceed a total of £3,000,000, it has accumulated a reserve which places it in a position to work at a heavy loss, if need be, to compete with the Pacific cable. In this way it might hope to weary the Governments interested in working the cable under heavy losses. It may, however, be pointed out that this line of opposition has not been overlooked in the past, and in advocating the Pacific route it has from time to time been shown that the Governments in working the line could as well afford to send messages free of charge as continue to pay exorbitant subsidies to a monopolistic company. A review of the action of the company can lead to no other conclusion than that its object is to charge the highest possible rates with the view to the payment of big dividends. For example, whilst the rate from Queensland to England is 5s. 1d. per word, the same charge is made per word between Queensland and India. For some time India has been asking for a reduced rate, but is still met with a demand for a subsidy or guarantee to make up the loss sustained; and, with a characteristic duplicity, it has been stated that the reduced rate given to Australian messages was made on the guarantee of £32,400 by the Australian Governments. This is not correct. The £32,400 was not a guarantee, but a subsidy for the laying of the so-called duplicate cable, and a guarantee of a certain fixed revenue had also to be given to secure the present rates. That such a statement should have been made by the chairman of the company shows clearly how the company presume on the ignorance of the public.

In the communication above referred to, made by the acting-manager of the company, and which appears in full in the *Sydney Morning Herald* of the 29th August, a number of cases are cited where the privilege of having their own receiving and distributing offices have been given to cable companies; but they do not appear to be equally applicable to Australia. We have to deal with three large companies bunched into one which form a gigantic monopoly, and to break down this monopoly the various Governments concerned have combined to lay and work their own cable in the interests of the people governed.

The company urge that this is an interference with private enterprise; but, if so, it has only been brought about by an unscrupulous monopoly; and it is contended that it is the function of a Government, particularly in young countries such as Australia, to protect the interests of its own people and to foster and encourage trade in every legitimate way possible.

It is to be regretted that the vexatious delays which have taken place have afforded the company so many opportunities for the exercise of its insidious influence on the Governments, the Press, and the public. Early in 1895, and soon after the Ottawa Conference, Queensland was urged to undertake the laying of the cable on her own responsibility. Had she done so, the work could have been carried out at little more than half the estimated cost of the cable now, and most of the difficulties which have taken place would have been solved.

In view of all the circumstances, the Queensland Government should strenuously protest against the proposed concession for collecting and distributing cablegrams.

Post and Telegraph Department, Brisbane, 12th October, 1899.

Enclosure 2 in No. 152.

THE COMPETING CABLES.

(From the *Brisbane Courier*, 31st January, 1900.)

Our telegrams from Sydney this morning do not throw much light upon the prospects of the Pacific cable. The Eastern Extension Company, however, refuses to entertain the qualifications to its proposals laid down at the Premiers' Conference, and is apparently standing out for concessions as though master of the situation. It is as well, under the circumstances, to see where we stand in this business. Are we to have a State-owned cable to Australia? Or are we to remain at the mercy of a private monopolist? It becomes clearer every day that this is the question these colonies are now called to settle. If the laying of the Pacific State cable were a matter of certainty, it might be open to us to consider the advisableness of adding to our facilities by accepting the offer of a private company to lay a cable from Cape Colony. In that case the only question would be whether, seeing we were part owners, it were wise to divert traffic from the Pacific cable. But in point of fact the Pacific cable is not yet a matter of certainty; and, in further point of fact, the Eastern Extension Company make the offers they do because the Pacific scheme is not a certainty, and in the hope that through the acceptance of their offers it may pass into the limbo of abortions. According to cable of yesterday Mr. Chamberlain still regards the construction of the Pacific cable as dependent upon the decision of the Premiers of the interested colonies. If by interested colonies is meant the entire colonies of Australasia, the position is already serious, since three of them—West Australia, South Australia, and latterly New South Wales, through Mr. Lyne—have signified acceptance of the Eastern Company's offers. If the colonies agreeing to contribute to the Pacific cable are alone meant, we have thus far only New South Wales as a weak point. New Zealand, Victoria, and Queensland are now strenuously backing up Canada in their opposition to the Eastern Company's offers, and in their representation that these offers are really meant to put an end to the Pacific project.

That this would be the effect of the acceptance of the company's offers—that, in other words, the question is not the possession of the two cables, but the loss of the independent Pacific line through acceptance of a continued monopoly—is apparent from the circumstances and from the offers of the company themselves. The company have built up an enormous reserve fund out of past privileges, and are perfectly prepared to spend money largely in the retention of their monopoly. That is their conspicuous motive in the offered reduction of rates, which has not been offered where, as in India, their monopoly is not threatened, and which would never have been offered here but as a block to competition. In a Queensland departmental report of October last, extracts from which appear in another column, after referring to the rates proposed by the company (4s. per word, and a reduction to 2s. 6d. as traffic increases), and to the condition of direct access to the public, these words are quoted: "With this right being conceded, the company had no fear of the competition of the Pacific cable, which would, of course, be under Government control." This is significant language. The State cable would have hard-and-fast rates; the company could cut below them. When the Postmasters-General of Victoria and New South Wales agreed, in October, that they could support the company's scheme if no "cutting rates" were adopted they were out of court; the company were, in fact, offering to cut rates. But the special right which delivers the company from "fear of competition" is that of direct access to the public. The report just referred to says, "The result of such a concession would be to enable the company to make contracts with the chief cable users that would enable them to monopolise the large bulk of the business for a number of years."

Now, what to common-sense is the result, on a State scheme not yet absolutely decided, of this project of cut rates and a retained monopoly? It becomes altogether too costly, and has to be abandoned. Thus, Mr. J. S. Larke, writing to the Queensland Premier on behalf of Canada, in October, says, "If the concession is granted, and the Eastern Extension Company secured the monopoly of the business, the share of the loss of Canada in working the Pacific cable would be £30,000 per annum—a sum which, I venture to say, its people would not care to undertake; and it is questionable if the Imperial Government would do so either, judging from the fact that it fixed its responsibility some time ago at a maximum of £20,000. This would put an end to the Pacific cable"—which is the end and aim of the whole proceedings. Those who make a comparison of expense favourable to the Eastern Company's scheme neglect to observe that it is the acceptance of this scheme which puts the Pacific cable out of the question on score of expense.

But now, suppose the Pacific cable blocked, and the Eastern and allied companies once more masters of the situation—as they will be if their scheme is accepted—what then about the cost? They give no definite promise beyond the reduction to 4s. a word; they can make their own terms about the increase of traffic; and they can make their own terms in their private arrangements with their principal customers. Are their services likely to be less costly to the colonies than a cable which for the first time breaks the monopoly, and which is run purely in the public interest? We invite Queenslanders to reflect on their experience of large private monopolies. Would any of us be willing at this moment to have the Post Office in the hands of a single company which could make what terms it pleased? If it were a question of taking the Post Office out of the hands of a private monopolist, who had burdened his helpless customers with heavy rates in past years, would we be cajoled by offers to reduce the rates in fear of the possible loss of a lucrative business, or would we sit easy under the condition that the old monopolist company should still make its own terms with its customers? Why should we, with world-wide acceptance of State control of the Post Office, prefer the continuance of a private monopoly to State control of our ocean telegraphy? Why should we carry longer on our shoulders this old man of the sea, who in fear of being unseated promises to sit so much more easily upon us, when, in fact, we can use our own hands instead of his? Other pressing reasons for the change we cannot stay to notice here. But we hold it apparent to common-sense that if ever there was a case in which State action is to be preferred to the action of a money-making company it is the present case of Australasia in relation to ocean telegraphy.

No. 153.

The Hon. the PREMIER, Brisbane, to the Hon. the PREMIER, Wellington.

(Telegram.)

Brisbane, 1st February, 1900.

At Sydney Conference, Queensland, Victoria objected to definite reply being given Eastern Extension Company's proposals until full information obtained from Pacific Cable Joint Board regarding probable effect of adoption of proposals on prospects of Pacific scheme. I entirely concur in your view respecting such proposals, and think Victoria will join us in opposing if joint board report adversely. Would strongly urge you endeavour induce Tasmania fall in with our view.

No. 154.

The Hon. the PREMIER, Wellington, to the Hon. the PREMIER, Hobart.

(Telegram.)

Wellington, 5th February, 1900.

HAVE received cable from Premier, Queensland, stating: Sydney Conference, Queensland, Victoria objected definite reply being given Eastern Extension Company proposals until full information obtained from Pacific Cable Joint Board regarding probable effect of adoption of proposals on prospects Pacific scheme, and stating his concurrence in our views. He also states belief Victoria will concur. I hope Tasmania will concur and assist us as far as practicable in seeing nothing done prejudicial to Pacific cable.

No. 155.

The Hon. the PREMIER, Wellington, to the Hon. the PREMIER, Brisbane.

(Telegram.)

Wellington, 5th February, 1900.

HAVE wired Premier, Tasmania, asking him fall in with our views respecting Eastern Company's offer.

No. 156.

The Hon. the POSTMASTER-GENERAL, Brisbane, to the Hon. the POSTMASTER-GENERAL, Wellington.

SIR,—

Post and Telegraph Department, Brisbane, 12th February, 1900.

Following upon my circular letter dated the 1st instant, drawing attention to the action now being taken by the Eastern Extension Telegraph Company, with the view of inducing the Australasian Colonies to enter into a new agreement which would operate injuriously against the early accomplishment of the Pacific-cable scheme, I have now the honour to forward for your perusal copy of a report of the views held by the Brisbane Chamber of Commerce and communicated to me by a deputation which waited upon me on Saturday last.

I have, &c.,

JAMES G. DRAKE, Postmaster-General.

The Hon. the Postmaster-General, Wellington.

Enclosure 1 in No. 156.

THE PACIFIC CABLE.—DEPUTATION TO THE MINISTER FROM CHAMBER OF COMMERCE.—THE GOVERNMENT FIRM.

MESSRS. A. J. Carter (President), J. Leahy, M.L.A., J. Reid, J. Chapman, R. W. Thurlow, A. H. Chambers, J. Arthur, C. E. Bernays, and J. Macdonald represented the Brisbane Chamber of Commerce in a deputation which waited upon the Postmaster-General (Mr. Drake) on Saturday to discuss the probable effect upon the Pacific-cable scheme by the proposal of the Eastern Extension Company.

Mr. Carter said the deputation called with reference to the Pacific-cable scheme, and to ask how matters were going on, and what effect the action of New South Wales at the present time would have in retarding the development of the undertaking. Queensland had always been foremost in insisting upon an all-British cable, and had for the past twenty years been consistent in pointing out the advisableness of having such a line. It had been insisted that if the scheme were not adopted by others it would be a good and patriotic thing for Queensland to take it up alone rather than allow the question to drop. He believed the late Mr. Byrnes was of that opinion, and, further, that as a commercial speculation it would be of advantage to this colony. It was to be regretted that the Postmaster-General in New South Wales was imperilling the position when success seem almost assured, and this Chamber was anxious that all possible pressure should be brought to bear upon the Government of New South Wales to force them back into the position they occupied some short time ago, as one of the consenting parties to the Pacific cable. As to the advisableness of such a cable, and the prospects of it paying, there was no doubt. The Eastern Extension Company, with their usual astuteness, had succeeded in drawing a herring across the trail in the shape of amended rates, which were very alluring, and it would require all the firmness possible to resist their cajoleries. The position had given rise to a good deal of indignation in England, as the many Press commentaries would show. At a meeting convened by the Liverpool Chamber of Commerce, for instance, Sir E. A. Sassoon, M.P., said, "He had referred to the breakdown of the cable between Delagoa Bay and Mozambique—one of a system for which the proprietary company had received over £1,300,000 from the State in the shape of subsidies. This cable, although laid twenty years ago, had not been duplicated, and was interrupted from the

21st October to the 15th November last. A few days after its restoration came the news of another interruption of more than a week's duration between Aden and Zanzibar to another unduplicated cable, laid twenty years ago. Both of these were lines upon which they had to depend for the rapid transmission of news from the seat of war, and when these were interrupted they were only able to get news by the long land-line through Natal to Capetown, and so home along the west coast of Africa cables. Were they not entitled to ask to what uses those public funds, so lavishly supplied, had been devoted? Was it understood that these subsidies were to be applied, however indirectly, towards buying out or expropriating accessible land-lines in other parts of the world for the deliberate purpose of smothering and strangling competition, instead of being employed to keep the cables so freely subsidised in a state of efficiency by timely duplication, so that in the hour of need they might be of service to the nation?" He also said, "A good deal of the toleration shown by the public towards these companies was undoubtedly attributable to the belief—(1) that they were in possession of all-British cables, (2) that these cables were altogether beyond the reach of danger in times of war. He was afraid that the intelligent British public had lulled themselves into a false sense of security, for not only were these companies' cables not all-British, they were not even mainly fixed on British landings; the bulk of them were switched on at Lisbon, Madeira, St. Vincent, Egypt, Java, and other foreign territories; and, as regarded their vulnerability, he had pointed out in letters to the *Times* that several cables were easily cut by the American men-of-war, and in some cases, as in the case of Hongkong to the Philippines, cable communication was wholly interrupted, Admiral Dewey having had no difficulty in performing the operation. In the House of Lords, Lord Carnarvon stated, in 1885, that 'the Russian Government had a carefully elaborated scheme for taking measures against our submarine cables in eastern waters.' Sir John Ardagh, Director of the Military Intelligence Department, distinctly pointed out 'that in the event of our losing Egypt, or anything happening in that country adverse to our interests, the Mediterranean cables to Australia, India, and the East generally would be cut at once.' This actually did occur during the bombardment of Alexandria." The very high rates charged by the Eastern Extension Company had enabled them to amass large funds which they were able to use to fight any other cable proposed, and if Queensland did not reject the offer now the company at a later period would simply amass further sums to fight the proposal if it came up. The need for an all-British cable was very apparent. In times like this, when we had to depend upon rapid information, it was necessary that our cables should not be in the hands of any foreign power. The Pacific-cable scheme had so far progressed that the Commission was appointed—it was sitting now; they had called for estimates, and had found that the cost of the cable would reach £1,800,000. It was intended to call for tenders during this year. Under these circumstances, to allow the company to follow its old tactics would be to overshadow the Pacific scheme; and a very strong stand should be taken up by the Australian Powers. The opinion of this Chamber of Commerce was very emphatic. They said that the Pacific-cable scheme must be carried through. The public of Queensland, he thought, would go so far as to say that if no one would join with them they, with Canada and New Zealand, would undertake it as a commercial undertaking; and, though he did not usually hold with the Government accepting the responsibilities of a commercial speculation, in a matter of this kind, where it was a question of national importance as well as one of commercial concern, he thought we should insist upon having the Pacific scheme adhered to, which would provide thereby an all-British cable. (Applause.)

Mr. Arthur said the best proof of the probable utility of a Pacific cable was the position the other parties were taking up. The concession offered when they were threatened with opposition must be discounted, as it was only wrung from them.

The Postmaster-General, in reply, said: I was very pleased as Postmaster-General to see that the Brisbane Chamber had passed a resolution expressing a very strong opinion on this subject, and I am more particularly pleased that you have come here to-day—no doubt at some inconvenience to yourselves—to explain the views of the Chamber to the Government. Upon this matter, as Mr. Carter has very correctly said, the Governments of Queensland for the past twenty-five years or more have been consistent in their policy of advocating the construction of the Pacific cable. In fact, it has been the consistent policy of the Governments of Queensland and the people of Queensland, I think, from the time the scheme of a Pacific cable was first mooted; and it is certainly to be very much regretted that just now, when it seemed that the construction of the cable was on the eve of accomplishment, the Eastern Extension Company should come forward with a proposal which is manifestly intended to destroy the chance of the scheme being gone on with. The reduction of rates promised, of course, has a very attractive appearance to those in the habit of using the cable; but I cannot quite understand how any intelligent community can snap at a bait like that when the purpose for which the bait is offered is so apparent. (Hear, hear.) The fact that the company is willing to make such a concession now, as Mr. Arthur has said, is an example of the value of the monopoly, which they now have a chance of losing. They have agreed to give, when they find themselves in fear of losing it, what they refused to give before. (Hear, hear.) The Government to-day is just as strong, if not stronger, in its resolve to do everything in its power to see the Pacific-cable scheme carried out, and they will countenance no proposal which will jeopardize it. (Hear, hear.) With regard to the position taken up by New South Wales, I cannot think the people of New South Wales are unanimous in the views expressed by the Postmaster-General, and I do not think the Government there can agree to go forward in direct opposition to the views of the majority of the people of Australia, and on which they have set their hearts. (Hear, hear.) With regard to whether the Government will be prepared to stand out alone with New Zealand and Canada, I will lay that view before my colleagues. I am glad to see by to-day's paper that the Postmaster-General in New Zealand has expressed the strong opinion that if Canada and Queensland stand firm with them the Pacific cable will be secured. I believe myself, I may positively say on behalf of the Government, that Queensland will stand with Canada and New Zealand in doing everything possible to cause the Pacific-cable

scheme to be proceeded with at the earliest possible date, and without any possible delay. I sent round a few days ago a circular of which you have received a copy. That circular has been very extensively circulated, and it has been well received, and it has been the means of giving information in some quarters where it was very much needed. What I propose to do on Monday, by circular, is to give the widest publicity to the views you have laid before me. I hope that circular also will have the same good effect. I may, in conclusion, thank you for taking the trouble to come on a morning when I know you are busy.

Mr. Carter mentioned that the Chamber had sent special letters to the Chambers of Commerce in Sydney and Melbourne, asking them to use their strongest efforts to prevent any deviation from the scheme of the Pacific cable.

Mr. Drake said he was very glad to hear it.—*Brisbane Courier*.

APPENDED TO FOREGOING REPORT: COPIES OF TELEGRAMS RECEIVED.

From the POSTMASTER-GENERAL, Wellington, to the POSTMASTER-GENERAL, Brisbane.
[See No. 126.]

From HENRY CHARLES MITCHELL, Esq., Sydney Chamber of Commerce, to the POSTMASTER-GENERAL, Brisbane.

Exchange, Sydney, 12th February, 1900.

OUR Chamber has consistently advocated Pacific cable, and will be pleased to see early consummation of same.

From C. HALLEM, Esq., Secretary, Chamber of Commerce, Melbourne, to the POSTMASTER-GENERAL, Brisbane.

Market Street, Melbourne, 12th February, 1900.

By deputation and every possible way have protested against concessions asked for by Eastern Extension.

No. 157.

The Hon. the PREMIER, Wellington, to the Hon. the PREMIER, Ottawa.

(Telegram.)

Wellington, 13th February, 1900.

ADVISABLE wire your Agent-General if Eastern Company's proposals accepted will mean difference over one hundred thousand pounds annually in earnings Pacific cable, and impress Secretary State that annual maximum risk of loss of twenty thousand to British Government will be doubled. Also represent that at Premiers' Conference three colonies were represented which have always been unfavourable to Pacific cable, whilst New Zealand and Canada not represented at all.

No. 158.

The Hon. the PREMIER, Wellington, to the Hon. J. GAVAN DUFFY, Melbourne.

(Telegram.)

Wellington, 13th February, 1900.

UNFAIR to New Zealand and Canada for Conference of Premiers to consider Eastern Telegraph Company's proposals, knowing, as you and I do, that there were three colonies represented at that Conference inimical to Pacific cable, and I sincerely hope that Victoria will not break faith.

No. 159.

The Hon. the PREMIER, Wellington, to the Right Hon. Sir GEORGE TURNER, Melbourne.

(Telegram.)

Wellington, 13th February, 1900.

SINCERELY hope Victoria will keep faith with Queensland and New Zealand and Canada respecting Pacific cable. At Conference Premiers neither New Zealand nor Canada represented, whilst, as you know, there were three colonies represented which were unfavourable to Pacific cable.

No. 160.

The Hon. the PREMIER, Wellington, to the Hon. the PREMIER, Melbourne.

(Telegram.)

Wellington, 13th February, 1900.

NEWSPAPER reports state that at Conference Premiers agreed accept Eastern Extension Company's offer with minor changes. On other hand, am informed what was agreed upon was that no action should be taken until it was definitely ascertained what effect adoption of company's proposals would have upon Pacific cable. What is true position? I feel sure, if Eastern Company's proposals accepted, effect would be financially disastrous to Pacific cable. Sincerely hope your colony will keep good faith, and not risk substance for shadow.

No. 161.

The Hon. the PREMIER, Ottawa, to the Hon. the PREMIER, Wellington.

(Telegram.)

Ottawa, 15th February, 1900.

TELEGRAM received, and representations made at London accordingly.

No. 162.

The Hon. the PREMIER to the AGENT-GENERAL.

(Telegram.)

Wellington, 15th February, 1900.

It is my wish that you represent to Secretary of State for the Colonies neither Canada nor New Zealand was represented at meeting of Premiers in discussing question of Eastern Telegraph Company's proposals, while three Australian colonies diametrically opposed, or not altogether favourable, to Pacific cable were represented. Acceptance of such proposals must so detrimentally affect the revenue of the Pacific cable as to cause a loss of over £100,000 per annum, and result in several colonies withdrawing from Pacific cable. The maximum risk to Her Majesty's Government, as I understand, was £20,000 per annum. If Eastern Telegraph Company's proposals are accepted, twice that amount will be required.

No. 163.

The Hon. the PREMIER, Melbourne, to the Hon. the PREMIER, Wellington.

(Telegram.)

Melbourne, 19th February, 1900.

Re Extension Company's proposals: Premiers' Conference favoured granting terminal facilities only when Pacific cable is laid. That arrangement will not insure monopoly to Pacific cable, but will fully safeguard it. It was further suggested at Conference that views of Australasian representatives on Pacific Board be ascertained. No decision arrived at to defer action until their reply received. Victorian Government prepared assist any movement calculated to expedite Pacific undertaking.

No. 164.

The Hon. the PREMIER, Ottawa, to the Hon. the PREMIER, Wellington.

(Telegram.)

Ottawa, 20th February, 1900.

CANADIAN Government consider granting terms proposed to Eastern Telegraph Company, even when Pacific cable laid, will seriously affect financial prospects and impair usefulness Pacific-cable scheme. Action proposed material alteration condition fixed by Governments former Pacific-cable partnerships, and may endanger scheme. Hope no change without consent of every partner.

No. 165.

The Hon. the POSTMASTER-GENERAL, Wellington, to the Hon. the POSTMASTER-GENERAL, Brisbane.

SIR,—

General Post Office, Wellington, 23rd February, 1900.

I have the honour to acknowledge the receipt of your printed letter of the 1st instant, drawing attention to the proposals of the Eastern Extension Telegraph Company to lay a cable between Australia and Cape Colony on certain conditions, and to thank you for the copy of the report of your department on the matter and the printed extract from the *Brisbane Courier* of the 31st ultimo.

I have, &c.,

J. G. WARD, Postmaster-General.

The Hon. J. G. Drake, Postmaster-General, Brisbane.

No. 166.

The AGENT-GENERAL to the Hon. the PREMIER.

(Telegram.)

London, 24th February, 1900.

If possible, will you get Victoria, New South Wales Governments defer concluding agreement with Eastern Telegraph Company few days longer? Even short time valuable. I am moving here.

No. 167.

The Hon. the PREMIER to the AGENT-GENERAL.

(Telegram.)

Wellington, 25th February, 1900.

PRESS cablegram from New South Wales states that that colony has definitely decided to accept the Eastern Telegraph Company's terms. Have cabled to Premier of Victoria strongly urging that the matter be left open for a few days until the Pacific Cable Board has reported. [No. 170.]

No. 168.

The Hon. the PREMIER, Wellington, to the Hon. the PREMIER, Ottawa.

(Telegram.)

Wellington, 25th February, 1900.

PRESS cablegram here to effect that Premier New South Wales stated definitely had decided agree Eastern Telegraph Company's terms. Have wired Victoria and New South Wales urging matter remain in abeyance until Pacific Cable Board's opinion on situation received.

No. 169.

The Hon. the PREMIER, Wellington, to the Hon. the PREMIER, Sydney.

(Telegram.)

Wellington, 25th February, 1900.

PRESS cablegram states that you have definitely agreed to accept Eastern Company's conditions. Hope that this is not correct, and that before definitely agreeing you will wait a few days to obtain opinion of Pacific Cable Board on the situation.

No. 170.

The Hon. the PREMIER, Wellington, to the Hon. the PREMIER, Melbourne.

(Telegram.)

Wellington, 25th February, 1900.

LEARN from Press cablegram that Premier New South Wales says that, as far as his colony is concerned, it has definitely made up its mind to accept Eastern Telegraph Company's conditions. If such is the case I regret it very much, as we are all partners in the Pacific-cable scheme. I would strongly urge you to refrain from committing your colony until Pacific Cable Board in London has reported. There can surely be no great urgency. I hope I am not going too far in urging that the position be allowed to remain *in statu quo* for few days.

No. 171.

The Hon. the PREMIER, Sydney, to the Hon. the PREMIER, Wellington.

(Telegram.)

Sydney, 26th February, 1900.

HAVE not yet accepted company's offer, but as now altered we can secure cheaper rates without giving company any advantage over Pacific cable. Whatever advantage there is will be with the Pacific cable.

No. 172.

The Hon. the PREMIER, Melbourne, to the Hon. the PREMIER, Wellington.

(Telegram.)

Melbourne, 1st March, 1900.

PACIFIC cable: *Re* your cablegram of 25th ultimo, New South Wales and Victorian Governments have practically agreed on basis of arrangements with Eastern Extension Company. Report of Pacific Cable Board just received. Have not had time to consult Mr. Lyne as to its effects on previous arrangements. I propose doing so at once.

No. 174.

The Hon. the PREMIER, Sydney, to the Hon. the PREMIER, Wellington.

(Telegram.)

Sydney, 2nd March, 1900.

EASTERN Extension proposals: Seems some misapprehension. We are ready and anxious to carry out our undertaking Pacific cable. Admitted all sides this cannot be completed for three years, probably more. Meantime Eastern Extension offer immediate reduction of rates to four shillings, or about sixteen per cent., and by sliding scale coming three years to two shillings and sixpence as business increases; also, lay cable Cape to Adelaide, and then reduce present excessive Cape rates from seven shillings and threepence to two shillings and sixpence word. No concession asked for or given until Pacific cable completed. They want direct offices so as to compete on equal terms, and in meantime any reduction whatever to remain until Pacific cable laid. Our present agreement terminates thirtieth April, and if no fresh one made company can instead of reducing rates increase them up to eight shillings word.

No. 175.

The Hon. the PREMIER, Wellington, to the Hon. the PREMIER, Sydney.

(Telegram.)

Wellington, 3rd March, 1900.

Re your telegram of second instant, respecting Eastern Company's proposals and termination of present agreement: There is nothing to fear as to Eastern Company raising rates. To do so will only recoil upon company. The major question is Pacific cable, in which we are all partners, and we should work in harmony, and there should be no departure unless unanimously agreed to, these being the terms upon which partnership entered on. Past experience Eastern Company vividly demonstrates that has not acted upon philanthropic lines, and reductions now shadowed have only one object in view. Again respectfully and strongly urge you to let matters remain in abeyance until Pacific cable committee has reported on effect concessions to Eastern Company would have upon financial prospect of Pacific cable.

No. 176.

AN AGREEMENT BETWEEN THE GOVERNMENTS OF SOUTH AUSTRALIA, WESTERN AUSTRALIA, AND TASMANIA WITH THE EASTERN EXTENSION, AUSTRALASIA, AND CHINA TELEGRAPH COMPANY (LIMITED), AS TO THE RATES FOR TRANSMISSION OF AUSTRALASIAN TRAFFIC.

AN AGREEMENT dated the 14th day of April, 1900, and made between the Government of the Colony of South Australia, by the Honourable John Alexander Cockburn, Knight Commander of the Most Distinguished Order of St. Michael and Saint George, for and on behalf of the said Government, of the first part; the Government of the Colony of Western Australia, by the Honourable Edward Horne Wittenoom, for and on behalf of the said Government, of the second part; the Government of the Colony of Tasmania, by the Honourable Philip Oakley Fysh, Knight Commander of the said Order, for and on behalf of the said Government, of the third part; and the Eastern Extension, Australasia, and China Telegraph Company (Limited) (hereinafter called "the Extension Company"), of the fourth part.

WHEREAS the colonies parties hereto of the first three parts are hereinafter referred to as "the contracting colonies": And whereas the telegraphic traffic between the contracting colonies, New South Wales, Victoria, New Zealand, Queensland, and New Caledonia, on the one side, and Europe, and when transiting Europe all other countries beyond Europe, on the other side, to be transmitted

in the terms of this agreement (hereinafter called "the Australasian traffic") is carried by the cables and telegraphic lines of the Extension Company, in connection with lines belonging to the Indo-European Telegraph Department of Her Majesty's Indian Government, the Eastern Telegraph Company (Limited) (hereinafter called "the Eastern Company") and the Indo-European Telegraph Company (Limited), (hereinafter called "the Cis-Indian Administrations"), and the lines and cables connected therewith: And whereas the present rates for the transmission of the Australasian traffic are governed by three agreements, the first dated the 31st day of March, 1891, and made between Her Majesty the Queen, of the one part, and the Extension Company, of the other part; the second dated the 13th day of December, 1892, and made between Her Majesty the Queen for account and on the authority of the respective Governments of New South Wales, Victoria, South Australia, Western Australia, and Tasmania, of the first part, Her Majesty the Queen on account and by authority of the Government of New Zealand, of the second part, and the Extension Company, of the third part; and the third dated the 30th day of April, 1895, and made between Her Majesty the Queen by the authority of the Governments of New South Wales, Victoria, South Australia, Western Australia, Tasmania, and New Zealand, of the one part, and the Extension Company, of the other part: And whereas, under clause 8 of the said agreement of the 31st day of March, 1891, and clause 1 of the said agreement of the 30th day of April, 1895, the present arrangement as to rates for the Australasian traffic may be determined by notice, such notice being not less than two calendar months' notice in writing, expiring on the 30th day of April, 1900, or the 30th day of April in some subsequent year, and given either by the Extension Company to the Agent-General of South Australia, or by such Agent-General to the Extension Company, in manner mentioned in the said clause: And whereas the Extension Company, in accordance with the said clause 8, has given a notice expiring on the 30th day of April, 1900, to determine the present arrangement as to rates for the Australasian traffic: And whereas it is intended that the rates for the Australasian traffic shall, after the said 30th day of April, 1900, be those hereinafter mentioned: And whereas the present terminal stations in Australia of the Extension Company's submarine cables are situated at Port Darwin, in the Colony of South Australia, and Roebuck Bay, in the Colony of Western Australia: And whereas it is intended that the Extension Company in co-operation with the Eastern Company shall lay a new cable between Durban, in the Colony of Natal, South Africa, and Australia as hereinafter provided (hereinafter called "the new cable"): And whereas a project has been set on foot by the British, Canadian, and certain Australasian Governments for laying a cable to be known as, and hereinafter referred to as, "the Pacific cable":

Now, this indenture witnesseth, and it is hereby agreed and declared by and with the contracting colonies and their successors and the Extension Company, their successors and assigns, as follows, that is to say,—

1. As from the 1st day of May, 1900, the rates for the transmission of the Australasian traffic by the existing lines and cables, and from and after the opening for traffic of the new cable, as hereinafter mentioned, the rates for the transmission of such traffic and the apportionment of such rates on either cable shall (subject to the provision of Article 5 hereof) be the rates and apportionment specified in the schedule hereto, Table A: Provided always this shall only apply to the colonies entering into this agreement.

2. In these presents and the schedule hereto by "Government telegrams" are meant political or administrative telegrams sent from or to Her Majesty, and by Her Majesty's Principal Secretary of State for the Colonies, or any Government department in the United Kingdom, or the respective Agents-General for any of the contracting colonies, on the one hand, and by the Governors, Ministers, or any officer in charge of any Government department of any of the contracting colonies, on the other hand, on matters relating to the public business of the said colonies, or any of them.

3. By "Press telegrams" are meant telegrams addressed to any newspapers duly published in accordance with the respective laws relating to the publication of newspapers in force in the United Kingdom or the colonies or countries in which they are respectively published and intended in good faith for publication in full in such newspapers, and shall include only such as are intelligible, and written in English or French in plain language, and without the use of cipher, code, groups of figures, or letters or words of concealed meaning.

4. The respective Governments of the contracting colonies shall, in respect of telegrams forming part of the Australasian traffic, be entitled to be paid, out of the rates charged for transmitting the same, the terminal charges specified in the said schedule hereto.

5. If on the 1st day of January, 1901, or on the 1st day of January in any subsequent year, the receipts of the Extension Company and the Cis-Indian Administrations from the Australasian traffic, after deducting out-payments charged by other Governments and Administrations, shall have averaged during the three previous consecutive calendar years a sum of £330,000 per annum, or any sum in excess of that amount, the rates for the transmission of the Australasian traffic (except New South Wales, Victoria, New Zealand, Queensland, and New Caledonia traffic) to and from Europe *via* Singapore and Suez or Teheran, or *via* the Cape Colony and St. Helena, shall be reduced to three shillings and sixpence per word for ordinary telegrams, two shillings and sixpence per word for Government telegrams, and one shilling and fourpence per word for Press telegrams, which reduced rates and their apportionment are specified in the schedule hereto, Table B; and if at the expiration of any subsequent calendar year, after such reduction has been made, the said average receipts of the three previous consecutive calendar years shall have amounted to or shall have exceeded the said sum of £330,000, the rates for such traffic (except as aforesaid) by the said routes shall be reduced to three shillings per word for ordinary telegrams, two shillings per word for Government telegrams, and one shilling per word for Press telegrams, which reduced rates and their apportionment are specified in the schedule hereto, Table C; and if at the expiration of any subsequent calendar year, after such further reduction has been made, the

said average receipts of the three previous consecutive calendar years shall have amounted to or exceeded the said sum of £330,000, the rates for such traffic (except as aforesaid) by the said routes shall be reduced to two shillings and sixpence per word for ordinary telegrams, two shillings per word for Government telegrams, and one shilling per word for Press telegrams, which reduced rates at their apportionment are specified in the schedule hereto, Table D: and such rates respectively shall be considered in the respective cases in this clause defined to be the maximum rates for the time being for the purposes of this agreement.

6. Nothing herein or in the said schedule contained shall prevent the Extension Company from varying the apportionment of any rate, provided the total rate is not increased and the proportion payable to any of the contracting colonies is not reduced beyond the limits contained in the said schedule.

7. If and whenever the said rates are reduced in pursuance of clause 5, the terminal charges payable to the respective Governments of the contracting colonies in respect of telegrams transmitted at such reduced rates shall be reduced according to the scale set forth in the said schedule hereto.

8. After any reduction in the rates for Australasian traffic and in the terminals shall have been made under clauses 5 and 7 hereof, or by the Extension Company or Cis-Indian Administrations of their own motion, the said rates and terminals shall not again be raised, except as provided in clause 9.

9. From and after the opening for traffic of the Pacific or any other competing cable nothing in this agreement contained shall prejudice the right of the Extension Company and the Cis-Indian Administrations to at any time reduce the rates for the Australasian traffic, including Government and Press telegrams, and at pleasure to raise them, subject to the maximum limits in each case fixed by this agreement.

10. In the event of the full rates for the Australasian traffic being at any time reduced by the Extension Company and the Cis-Indian Administrations, the charge per word for Government telegrams shall not exceed the full out-payments for the time being charged by Governments and Administrations and three-fourths of the rate retained by the Extension Company and the Cis-Indian Administrations for their own use and benefit.

11. The Extension Company shall, within three months from the expiration of the year 1900, and within a like period from the expiration of each subsequent calendar year, send to the Government of each of the contracting colonies an account showing the receipts of the Extension Company and the Cis-Indian Administrations from Australasian traffic during such year after deducting out-payments charged by other Governments and Administrations; and such account shall, when required by the contracting colonies or any of them, be verified by the production in London of the account-books of the Extension Company kept in respect of or relating in any way whatever to the Australasian traffic, and when so required by a statutory declaration made by the manager, secretary, traffic accountant, or other duly authorised officer of the Extension Company.

12. The Extension Company shall, with all convenient speed after the necessary landing-rights have been obtained, procure to be manufactured and laid between Durban, in the Colony of Natal, and Australia a submarine telegraph cable (herein called "the new cable"), in the five sections following, that is to say: (1) Durban to Mauritius; (2) Mauritius to Rodriguez; (3) Rodriguez to Cocos; (4) Cocos to Fremantle, in Western Australia; and (5) Fremantle to Glenelg, in South Australia. The Extension Company shall also lay, or procure to be laid, in connection with the new cable two subterranean land-lines, one from Fremantle to Perth, in Western Australia, and the other from Glenelg to Adelaide, in South Australia. The Extension Company shall also establish and supply, or procure to be established and supplied, all stations, offices, and apparatus necessary for the proper working of the new cable and the said subterranean land-lines.

13. The contracting colonies shall have the right to use the cable from Glenelg to Fremantle at the rate of fivepence per word, such right only to arise in the event of the land-lines not being in working-order, it being understood that precedence shall always be given to international traffic. The cable between Fremantle and Glenelg shall not, as long as the land-lines between the colonies of Western Australia and South Australia shall be in working-order, be used to transmit international telegrams not forming part of the international traffic.

14. The respective Governments of South Australia and Western Australia, subject to satisfactory arrangements approved by those Governments respectively, shall, without charge, give to or procure for the Extension Company—(1) Suitable sites for stations and offices at Glenelg and Adelaide, and at Fremantle and Perth, respectively; and (2) all such lands, landing-rights, licenses, and other rights and facilities as may be reasonably required by the Extension Company for the purpose of laying and working the new cable and the said subterranean land-lines, or for the purpose of duplicating the new cable or the said land-lines, or laying such further cables or land-lines as may be required for the efficient maintenance of the telegraph service between Europe and Australasia.

15. The Government of South Australia shall, so soon as the next following clause comes into force, provide and maintain in efficient working-order, at its own expense, for the transmission of the Australasian traffic, a special wire on the Government posts between Adelaide and the Victorian frontier, and between Adelaide and the New South Wales frontier. The said special wires shall be respectively connected with the offices of the Extension Company in Adelaide, and shall always be at the service of and worked by the staff of the Extension Company. The charges therefor to be paid by the Extension Company to South Australia shall be the terminal rates mentioned in the said schedule, and shall be reduced under that schedule as occasion shall arise, on reduction by the Extension Company of their cable charges.

16. The Extension Company shall, on and after the opening for traffic of the Pacific cable or any other competing cable, be entitled to open local offices, and to collect direct from and to deliver direct to the public in the Cities of Perth, Adelaide, and Hobart any telegrams forming part of the

Australasian traffic, and shall pay to the contracting colonies the terminal rates specified in the schedule in respect of all such messages so collected or delivered, provided that formal notice of not less than six months shall be given to the Extension Company to enable them to prepare for opening their offices simultaneously with the competing cable.

17. The Australasian traffic shall be transmitted *via* the new cable, or *via* Port Darwin, as the exigencies of the traffic of the Extension Company may require; but traffic received *via* Port Darwin for transmission to places beyond Adelaide shall be handed to the Extension Company at Adelaide for such transmission so soon as the company have their own offices and special wires as provided for in Articles 15 and 16 hereof.

18. Upon the opening of the new cable for traffic, the net charges of the Extension Company and the Eastern Company, after deduction of out-payments for telegrams between the contracting colonies and Durban, or Cape Town, shall not exceed two shillings.

19. Each of the Governments of the respective contracting colonies shall cause all cables, cable apparatus, telegraph instruments, machinery, stationery, and goods of any kind of the Extension Company, or their assigns, which are used solely for the purpose of the cable business of the Extension Company, or their assigns, or for laying, repairing, or working any of their cables, land-lines, or cable-ships, to be relieved from all Customs duties and wharfage rates in its own respective colony; and shall cause every vessel which shall be used by the Extension Company, or their assigns, for the purpose of laying, repairing, or duplicating any cable, or any vessel belonging to or chartered by the Extension Company, or their assigns, in which any such cable, cable apparatus, and telegraph instruments, machinery, stationery, and goods as aforesaid shall be carried, to be exempt from all port and light duties, whether upon entering any port or passing through any waters of any such colony or otherwise howsoever; and shall also repay to the Extension Company such sums as will be sufficient to recoup the Extension Company any income-tax, and any rates or taxes, parliamentary or otherwise, which the Extension Company shall be required to pay in such respective contracting colony, except rates and taxes on premises occupied as local offices for the purpose referred to in clause 16 hereof: Provided always, however, and it is hereby mutually agreed and declared by and between the parties hereto, that nothing in this present clause shall be deemed to waive, defeat, modify, or affect any privileges, exemptions, or rights belonging to the Extension Company, or their assigns, under certain articles of agreement bearing date the 29th day of August, 1871, and made between the Governor of the Province of South Australia, of the one part, and the British Australasian Telegraph Company (Limited), of the other part, or under certain other articles bearing date the 14th day of March, 1889, and made between the Government of Tasmania, of the one part, and the Extension Company, of the other part; but, on the contrary, this present clause shall be deemed to be collateral and additional to each of the last-mentioned articles of agreement.

20. Nothing in this agreement contained shall prevent the Extension Company, at any time after they shall have commenced working the new cable, from closing their station at Roebuck Bay and taking up the cable which lands at that place, subject to consultation with the Government of Western Australia.

21. This agreement shall remain in force until rescinded by mutual consent, expressed in writing.

22. The contracting colonies, or any of them, may at any time after clause 16 is in operation, and so often as they or it pleases, appoint a confidential officer to peruse and inspect all telegrams received at the offices of the Extension Company in such colonies, and all messages handed to the Extension Company in such colonies at its offices for transmission.

In witness whereof the Honourable Sir John Alexander Cockburn, K.C.M.G., on behalf of the Government of South Australia, the Honourable Edward Horne Wittenoom, on behalf of the Government of Western Australia, and Sir Philip Oakley Fysh, K.C.M.G., on behalf of the Government of Tasmania, have hereunto set their hands and seals, and the common seal of the Eastern Extension, Australasia, and China Telegraph Company (Limited) hath been hereunto affixed the day and year first above written.

Signed, sealed, and delivered by the above-named Honourable }
 Sir John Alexander Cockburn, K.C.M.G., on behalf of the }
 Government of South Australia, in the presence of— } JOHN A. COCKBURN. (L.S.)
 MARGT. S. COCKBURN,
 21, Sunderland Terrace, Bayswater.

Signed, sealed, and delivered by the above-named Honourable }
 Edward Horne Wittenoom, on behalf of the Government }
 of Western Australia, in the presence of— } E. H. WITTENOOM. (L.S.)
 R. C. HARE,
 15, Victoria Street, S.W., Secretary.

Signed, sealed, and delivered by the above-named Honourable }
 Sir Philip Oakley Fysh, K.C.M.G., on behalf of the Go- }
 vernment of Tasmania, in the presence of— } P. O. FYSH. (L.S.)
 ALEC JACK,
 50, Old Broad Street, London, E.C., Clerk.

The common seal of the Eastern Extension, Australasia, and }
 China Telegraph Company (Limited) was hereunto affixed, }
 in the presence of— } (The common seal of }
 J. DENISON-PENDER, Director. } the Eastern Extension, }
 F. E. HESSE, Manager. } Australasia, and China }
 } Telegraph Company }
 } (Limited). }

SCHEDULE.

TARIFF per Word and APPORTIONMENT of Australasian Terminal Charges for Traffic exchanged between Australasia and Europe on and after 1st May, 1900, and to come into Operation upon Further Reductions of Rates taking place under the Provisions of Article 5.

	ORDINARY.						GOVERNMENT (British Imperial and Colonial).						PRESS.					
	South and West	Victoria	New South Wales	Queensland	Tasmania	New Zealand	Extension Com- pany, Tas- mania or Syd- ney-Nelson Cable.	Darwin, Roe- buck Bay, Per- th, or Ade- laide and Europe.	Total.	South and West	Victoria	New South Wales	Queensland	Tasmania	New Zealand	Extension Com- pany, Tas- mania or Syd- ney-Nelson Cable.	Darwin, Roe- buck Bay, Per- th, or Ade- laide and Europe.	Total.
S. and W. Australia ..	0 5	0 5	0 5	0 5	0 5	0 5	0 4	4 0	0 4	0 4	0 4	0 4	0 4	0 4	0 3	3 1	3 0	3 0
Victoria ..	0 7	0 7	0 7	0 7	0 7	0 7	4 2	4 10	5 0	5 0	5 0	5 0	5 0	5 0	..	3 1	3 7	4 0
New South Wales ..	0 7	0 7	0 7	0 7	0 7	0 7	4 2	4 11	0 5	0 2	0 2	0 2	0 2	0 2	..	3 1	3 8	4 1
Queensland ..	0 7	0 7	0 7	0 7	0 7	0 7	4 2	4 11	0 5	0 2	0 2	0 2	0 2	0 2	..	3 1	3 8	4 1
Tasmania ..	0 5	0 5	0 5	0 5	0 5	0 5	2 11	4 0	4 0	1 1	0 1	0 1	0 1	0 1	0 6	2 0	3 10	4 4
New Zealand ..	0 7	0 7	0 7	0 7	0 7	0 7	4 2	5 2	0 5	0 1	0 1	0 1	0 1	0 1	0 3	3 1	3 11	4 4

Table A.

S. and W. Australia ..	0 5	0 5	0 5	0 5	0 5	0 5	0 4	4 0	0 4	0 4	0 4	0 4	0 4	0 4	0 3	3 1	3 0	3 0
Victoria ..	0 7	0 7	0 7	0 7	0 7	0 7	4 2	4 10	5 0	5 0	5 0	5 0	5 0	5 0	..	3 1	3 7	4 0
New South Wales ..	0 7	0 7	0 7	0 7	0 7	0 7	4 2	4 11	0 5	0 2	0 2	0 2	0 2	0 2	..	3 1	3 8	4 1
Queensland ..	0 7	0 7	0 7	0 7	0 7	0 7	4 2	4 11	0 5	0 2	0 2	0 2	0 2	0 2	..	3 1	3 8	4 1
Tasmania ..	0 5	0 5	0 5	0 5	0 5	0 5	2 7½	3 6	4 0	0 ½	0 ½	0 ½	0 ½	0 ½	0 4	1 8½	2 6	3 0 ¾
New Zealand ..	0 7	0 7	0 7	0 7	0 7	0 7	4 2	5 2	0 5	0 1	0 1	0 1	0 1	0 1	0 3	3 1	3 11	4 4

Table B.

	ORDINARY.						GOVERNMENT (British Imperial and Colonial).						PRESS.					
	South and West	Victoria	New South Wales	Queensland	Tasmania	New Zealand	Extension Com- pany, Tas- mania or Syd- ney-Nelson Cable.	Darwin, Roe- buck Bay, Per- th, or Ade- laide and Europe.	Total.	South and West	Victoria	New South Wales	Queensland	Tasmania	New Zealand	Extension Com- pany, Tas- mania or Syd- ney-Nelson Cable.	Darwin, Roe- buck Bay, Per- th, or Ade- laide and Europe.	Total.
S. and W. Australia ..	0 5	0 5	0 5	0 5	0 5	0 5	0 4	4 0	0 4	0 4	0 4	0 4	0 4	0 4	0 3	3 1	3 0	3 0
Victoria ..	0 7	0 7	0 7	0 7	0 7	0 7	4 2	4 10	5 0	5 0	5 0	5 0	5 0	5 0	..	3 1	3 7	4 0
New South Wales ..	0 7	0 7	0 7	0 7	0 7	0 7	4 2	4 11	0 5	0 2	0 2	0 2	0 2	0 2	..	3 1	3 8	4 1
Queensland ..	0 7	0 7	0 7	0 7	0 7	0 7	4 2	4 11	0 5	0 2	0 2	0 2	0 2	0 2	..	3 1	3 8	4 1
Tasmania ..	0 5	0 5	0 5	0 5	0 5	0 5	2 7½	3 6	4 0	0 ½	0 ½	0 ½	0 ½	0 ½	0 4	1 8½	2 6	3 0 ¾
New Zealand ..	0 7	0 7	0 7	0 7	0 7	0 7	4 2	5 2	0 5	0 1	0 1	0 1	0 1	0 1	0 3	3 1	3 11	4 4

Table C.

	ORDINARY.						GOVERNMENT (British Imperial and Colonial).						PRESS.					
	South and West	Victoria	New South Wales	Queensland	Tasmania	New Zealand	Extension Com- pany, Tas- mania or Syd- ney-Nelson Cable.	Darwin, Roe- buck Bay, Per- th, or Ade- laide and Europe.	Total.	South and West	Victoria	New South Wales	Queensland	Tasmania	New Zealand	Extension Com- pany, Tas- mania or Syd- ney-Nelson Cable.	Darwin, Roe- buck Bay, Per- th, or Ade- laide and Europe.	Total.
S. and W. Australia ..	0 4	0 4	0 4	0 4	0 4	0 4	0 3	3 0	0 3	0 3	0 3	0 3	0 3	0 3	0 3	3 1	3 0	3 0
Victoria ..	0 7	0 7	0 7	0 7	0 7	0 7	4 2	4 10	5 0	5 0	5 0	5 0	5 0	5 0	..	3 1	3 7	4 0
New South Wales ..	0 7	0 7	0 7	0 7	0 7	0 7	4 2	4 11	0 5	0 2	0 2	0 2	0 2	0 2	..	3 1	3 8	4 1
Queensland ..	0 7	0 7	0 7	0 7	0 7	0 7	4 2	4 11	0 5	0 2	0 2	0 2	0 2	0 2	..	3 1	3 8	4 1
Tasmania ..	0 4	0 4	0 4	0 4	0 4	0 4	2 4	3 0	3 0	0 ½	0 ½	0 ½	0 ½	0 ½	0 3	1 5	2 0	2 0
New Zealand ..	0 7	0 7	0 7	0 7	0 7	0 7	4 2	5 2	0 5	0 1	0 1	0 1	0 1	0 1	0 3	3 1	3 11	4 4

Table D.

	ORDINARY.						GOVERNMENT (British Imperial and Colonial).						PRESS.					
	South and West	Victoria	New South Wales	Queensland	Tasmania	New Zealand	Extension Com- pany, Tas- mania or Syd- ney-Nelson Cable.	Darwin, Roe- buck Bay, Per- th, or Ade- laide and Europe.	Total.	South and West	Victoria	New South Wales	Queensland	Tasmania	New Zealand	Extension Com- pany, Tas- mania or Syd- ney-Nelson Cable.	Darwin, Roe- buck Bay, Per- th, or Ade- laide and Europe.	Total.
S. and W. Australia ..	0 3	0 3	0 3	0 3	0 3	0 3	0 2	2 6	0 2	0 2	0 2	0 2	0 2	0 2	0 2	1 9	2 0	2 0
Victoria ..	0 7	0 7	0 7	0 7	0 7	0 7	4 2	4 10	5 0	5 0	5 0	5 0	5 0	5 0	..	3 1	3 7	4 0
New South Wales ..	0 7	0 7	0 7	0 7	0 7	0 7	4 2	4 11	0 5	0 2	0 2	0 2	0 2	0 2	..	3 1	3 8	4 1
Queensland ..	0 7	0 7	0 7	0 7	0 7	0 7	4 2	4 11	0 5	0 2	0 2	0 2	0 2	0 2	..	3 1	3 8	4 1
Tasmania ..	0 3	0 3	0 3	0 3	0 3	0 3	1 11	2 6	3 0	0 ½	0 ½	0 ½	0 ½	0 ½	0 3	1 5	2 0	2 0
New Zealand ..	0 7	0 7	0 7	0 7	0 7	0 7	4 2	5 2	0 5	0 1	0 1	0 1	0 1	0 1	0 3	3 1	3 11	4 4

No. 177.

The POSTMASTER-GENERAL, Adelaide, to the SECRETARY, General Post Office, Wellington.
(Telegram.) Adelaide, 16th April, 1900.
AGENTS-GENERAL, Tasmania, Western Australia, and South Australia, signed agreement on Saturday, and Berne notified that reduced rates to the three contracting colonies will come into force on 1st May.

No. 178.

The POSTMASTER-GENERAL, Adelaide, to the SECRETARY, General Post Office, Wellington.
Post Office and Telegraph Department, General Post Office, Adelaide,
19th April, 1900.

SIR,—

I enclose you copy of a telegram that I sent to Mr. Lambton, in order that correct figures may be taken as regards cable receipts.

With respect to clause 9 of the agreement with the cable company, it was proposed to add the words: "namely, 3s. 6d. per word on ordinary telegrams, 2s. 6d. per word on Government telegrams, and 1s. 4d. per word on Press telegrams." This, however, has been rendered unnecessary, as the Eastern Extension Telegraph Company have explained, in a letter to the Agents-General, that the words "subject to the maximum limits in each case fixed by this agreement" mean that, if the rates have been reduced to 3s., the maximum limit to which they could be raised would be 3s. 6d.; and if reduced to 2s. 6d., they could not be raised above 3s.; 3s. 6d. and 3s. being the maximum in each case.

The words proposed to be added have therefore been struck out by the Agents-General for Tasmania, Western Australia, and South Australia, who have signed the agreement on behalf of the colonies accepting the terms of the cable company.

The Secretary, General Post Office, Wellington.

Yours, &c.,

C. TODD.

Enclosure in No. 178.

The POSTMASTER-GENERAL, Adelaide, to the DEPUTY POSTMASTER-GENERAL, Sydney.

(Telegram.)

Adelaide, 18th April, 1900.

THERE appears to be some confusion about the guarantee and the receipts of the cable companies. Mr. Cook says the receipts going to credit of guarantee are derived from only the forwarded traffic from Australasia. I need not say that the traffic both ways is taken.

Our books show that the gross receipts for international traffic for year ending 31st December, 1898, were £466,075, of which £334,525 went to credit of guarantee, representing the net receipts, after deducting all out-payments to other administrations, of the Eastern Extension and associated companies, parties to the guarantee. In 1899 the gross receipts were £542,681, and the net receipts £391,136. In the first three months of 1900 the gross receipts were £147,305, or net receipts of cable companies £103,902.

Adopting these figures, the cable companies' receipts for the three years ending 31st December, 1900, may be put down at £378,545, or, excluding Australasian traffic with India and China, £358,545. The rates, therefore, will certainly be reduced to 3s. 6d. on the 1st January, 1901. I also regard as certain that the cable receipts for the three years 1899, 1900, and 1901 will average £330,000 per annum, which will insure further reduction to 3s. on the 1st January, 1902.

Appendix C.

SIR,—

Ottawa, 5th May, 1899.

I have the honour to submit for the information of the Government a communication of this date, addressed to the British people, setting forth the present position of the Pacific-cable movement.

I have, &c.,

Hon. R. W. Scott, Secretary of State.

SANDFORD FLEMING.

THE PACIFIC-CABLE MOVEMENT: ITS PRESENT POSITION.

To the British People.

Ottawa, 5th May, 1899.

WITHIN the last few days it has been stated that the Home Government has not responded to the proposals of Canada, Australia, and New Zealand respecting the establishment of the Pacific cable in the way that the Governments of the people of these countries had reason to expect, in consequence of which a feeling of disappointment and surprise is on all sides expressed.

It had been arranged that the Pacific cable should be established as a national work, the Governments of Canada, Australia, and New Zealand being joint partners with the Imperial Government.

This arrangement has been slowly developed. It has been generally favoured by all the Governments for some time. The Home Government has frequently been asked to take the initiative in carrying it into effect, but the Colonial Secretary has always insisted that Canada and the Australasian Colonies should take primary action by determining what proportion of the cost of the undertaking each would be willing to contribute.

It has been a matter of much difficulty to reach an agreement on this point, and the difficulty has been enhanced by the great intervening distances and the character of the means of communication, in consequence of which much delay has arisen. At length, however, conclusions have been arrived at. On the 20th August last the Australasian Colonies finally agreed to contribute eight-eighths of the cost, and last month Canada finally undertook to contribute five-eighths, making thirteen-eighths in all, thus leaving only five-eighths to be assumed by the Home Government.

It appears that the Home Government, although it has not absolutely declined to enter into the partnership and assume the remaining five-eightieths share of the liability, has merely offered to bear five-eightieths of any loss of revenue (not exceeding £20,000) which may result from operating the cable, provided priority be given to Imperial Government messages and that they be transmitted at half ordinary rates.

As this proposal, at the eleventh hour, taken by itself, involves an entire change in the well-known plan upon which Australia, New Zealand, and Canada have been proceeding in their negotiations for more than two years, and, moreover, is in itself of no value in securing the establishment of so important a national work, it is impossible to believe that it is the full or the final judgment of Her Majesty's Home Government, for the following reasons, viz. :—

(1.) It would always be regarded as a recession on the part of the Mother-country from a common understanding with Canada, Australia, and New Zealand.

(2.) It would always be regarded as an attempt to retard the expansion and cripple the commerce of the Empire in the interests of a few rich monopolists.

(3.) It would always be regarded by the people of Canada, Australia, and New Zealand as an unjustifiable and discourteous act to them.

(4.) Its effect would be far-reaching, and its immediate effect would be a fatal blow to the scheme for establishing a system of State-owned British cables encircling the globe.

(5.) It would be a very grave retrograde step in the Imperial movement which aims to draw closer the bonds between the Mother-country and her daughter-lands.

Some of the grounds for these reasons may be stated as follows :—

The principle of joint Government ownership was referred to at length at the Ottawa Conference, where Lord Jersey represented the Home Government (see page 67 of the proceedings appended to Lord Jersey's report). Lord Jersey, in his report, alluded to State ownership (page 15), and said that the matter of joint ownership was "left undecided, and, indeed, must remain so till the two main points of route and costs are settled. Once they are arranged definite agreements become possible." Both these points were shortly afterwards settled. The question of route was settled by sending a Special Commissioner to the Hawaiian Islands to obtain a landing-station. A landing on any one of the islands was refused, and there remained only one route for the cable to follow. The second point was settled by the Canadian Government taking steps, as authorised by the Conference, to ascertain the cost. Both points were thus settled before the end of 1894. Up to that date there was some divergence of opinion as to the best means of establishing the cable—whether by a subsidised company, or a State work to be jointly owned and controlled by the several Governments—but there was no difference of opinion afterwards.

The Canadian Government gave notice, by public advertisement in London and elsewhere, that they were prepared to receive proposals in several forms. The result showed beyond all question that the principle of State ownership was the true principle for establishing this particular work in the interests of the British people.

In 1895 the High Commissioner for Canada and the Agents-General for the Australasian Colonies were charged by their respective Governments to represent to the Colonial Secretary the importance attached to the Pacific cable, and to ask that an Imperial Commission be appointed to promote it. The Colonial Secretary, Mr. Chamberlain, constituted an Imperial Cable Committee, which sat in London in 1896, and reported on the 5th January, 1897. The report of this Committee has been published only a few days ago, but some information respecting the decisions and recommendations of the Committee were given to the public directly after it was signed. Among other things published in January, 1897, it was stated in the London, Canadian, and colonial Press that the principle of State ownership was favoured. The full text of the report was sent confidentially to each respective Government, and its whole contents has, of course, been known to them for more than two years. In short, ever since the Cable Committee made their investigation the principle of State ownership has been accepted, and it has been understood that the Pacific cable should be jointly owned by the Home Government, Canada, Australia, and New Zealand in proportions to be determined. The only question remaining unsettled was the precise share to be assumed by each.

To determine the last question has been a matter of great difficulty, and it has caused much delay. The Australasian Governments have had several conferences among themselves, and when at last they agreed, on the 20th August, 1898, to bear eight-eightieths of the whole liability it was with the distinct condition that the Imperial and Canadian Governments would together contribute the remaining five-ninths of the capital required. The Canadian Government has done her part by accepting without cavil the principle of State ownership, and by undertaking to contribute as large a share of the capital as the Imperial Government. The Australasian Colonies and Canada have together agreed to bear thirteen-eightieths of the liability, leaving only five-eightieths for Great Britain to assume. In view of all the circumstances narrated, it may reasonably be expected that this matter will be reconsidered, and that Her Majesty's Home authorities will yet see their way to complete the partnership arrangement which Canada and Australia and New Zealand are so desirous of having consummated, in their own interests and in the interests of the whole Empire.

There is no denying the fact that the British communities on both sides of the Pacific Ocean have a determined enemy in the Eastern Extension Telegraph Company. In his published letter to Sir Wilfrid Laurier, of 28th December, 1897 [p. 27, F.—8A, 1898], the writer pointed out the exact position of that company. Fearing competition and a reduction in the high charge exacted, its attitude has always been hostile to the Pacific cable. On every occasion during the past twelve years it has thrown obstacles in the way of connecting Canada and Australasia telegraphically, and has frequently employed subtle means to accomplish its ends. One such attempt was exposed at the last meeting of the Canadian Senate (28th April), when the Secretary of State and the

leader of the Opposition were of one mind in denouncing it. On that occasion the Minister of Justice used these words :—

“ I apprehend that for a hundred years there has been nothing more seriously done under Imperial authority affecting colonial interests than the attempt to create a monopoly and restrain and cripple the commercial growth of this country.”

The case alluded to is but a single illustration of the means taken by that company to defeat the aspirations of Canada and Australasia. When the history of the conflict between these countries and the monopoly comes to be written it will be found that the case recently unveiled does not stand alone—that there are a number of other cases equally extraordinary.

The monopoly's present design is to delay the British Pacific cable until their own adverse scheme be sufficiently advanced. There is evidence to show that the Eastern Extension Company is in alliance with a company organized in the United States to lay a cable from San Francisco to Manila. This company did not succeed before Congress rose in getting the subsidy it sought, but it succeeded in defeating the Government measure to establish a cable to Manila under the United States Post Office Department. Having done so, there is a strong probability that it will obtain all it wants when Congress again meets. With a cable stretched from San Francisco to Manila and there connected with the Eastern Extension cables, the two companies will practically become one concern. If before then the British Pacific cable has made no progress there will be small hopes for it afterwards.

Obviously the Eastern Extension Company has much to gain by delay, and they will secure ample delay for their purpose if the Home Government now departs from the plan upon which Australia, New Zealand, and Canada have acted with the full knowledge of the Colonial Office. But we must refuse to believe that Her Majesty's Government will, without any previous intimation, withdraw from the arrangement, and make an offer practically of no value, the first effect of which would be the defeat of the British Pacific-cable project. The offer is that for certain stipulated advantages the Treasury in London will pay five-eighteenthths of any deficiency in earnings. What does this mean? It is not a subsidy of £20,000, as stated in the Press, or of any sum. If we refer to the reports of the Canadian Commissioners, Lord Strathcona and Honourable A. G. Jones, of the 12th January, 1897, we find that in the year 1902, if the cable be then laid, and it could not possibly be laid sooner, there would be an actual profit ranging from £13,000 to £40,000. If we turn to the report of the Cable Committee, of which Lord Selborne was Chairman, there would be no deficiency in revenue if the present charges are maintained, and even if they be lowered fully 33 per cent. the deficiency would only be £12,000 in 1902, while there would be no deficiency in 1903 or in any subsequent year. The offer, then, is that under a certain contingency the Treasury may be called upon to pay five-eighteenthths of £12,000 for one year only, and for this possible payment the Imperial Government could claim priority of transmission and half-price on all messages for an indefinite number of years.

In December last the Press of Great Britain was ringing the praises of a proposal to establish a State-owned system of electric cables for the Empire. It is recognised that a British Pacific cable is the key and the only key to such a system. Without a telegraph connecting Canada and Australasia the greater scheme is impossible.

“ The general testimony of the British Press is that the Pacific cable, apart from its inherent merits, would be the direct precursor of a ‘ round the world ’ cable system for the Empire ; that as such it would lead to cheap telegraph transmission between every British possession, promote closer union, develop commerce, and confer many social as well as naval and political advantages.”

If these are objects worth having there must be nothing done or left undone which will cause further delay ; it is therefore with gratification we read in this evening's newspapers the following condensed telegram :—

“ Fearing that Great Britain's departure from the original proposal would delay and thus defeat the Pacific cable, British Columbia offers to contribute two-eighteenthths of the cost, in addition to Canada's five-eighteenthths.”

It is a mistake to suppose that a Pacific cable is greatly required by Canada for purely Canadian purposes. While it is necessary to Australasians and their correspondents in the United Kingdom to have an alternative line in order that correspondence may be facilitated and never interrupted, it is not so indispensable to the Dominion. It must be recognised by all that Canada is mainly moved not by local or narrow selfish considerations, but by her zeal for Imperial unity.

The joint ownership of the cable by Great Britain, Canada, Australia, and New Zealand would be a unique co-partnership unparalleled in history—it would be an object-lesson to the modern world. To throw this co-partnership overboard at the last moment would be a momentous step backward in the movement which we had hoped would bring into permanent alliance Great Britain and her great self-governing daughter-nations in both hemispheres.

SANDFORD FLEMING.

EXTRACTS FROM PARLIAMENTARY PAPER F.—8 OF 1901.

No. 39.

The OFFICER in CHARGE, Telegraph-office, Wakapuaka, to the SECRETARY, General Post Office, Wellington.

(Telegram.)

Wakapuaka, 18th December, 1900.

BERNE advises that the Eastern Extension, Australasia, and China Telegraph Company notify that the tariff will be reduced from the 1st January next for telegrams between all countries in Europe or in transit by Europe and South Australia, West Australia, and Tasmania. The rates for ordinary and Press telegrams for the other colonies and New Caledonia will remain as they are.

No. 40.

The Hon. the POSTMASTER - GENERAL, Wellington, to the Hon. the POSTMASTER - GENERAL, Melbourne.

(Telegram.)

Wellington, 28th December, 1900.

CAN you inform me of the intention of New South Wales and Victoria *re* Eastern Extension Telegraph Company's cable proposals? Do they intend to come in; and, if so, on what conditions?

[A telegram of the same text and date was sent to the Hon. the POSTMASTER-GENERAL, Sydney.]

No. 41.

The Hon. the POSTMASTER - GENERAL, Sydney, to the Hon. the POSTMASTER - GENERAL, Wellington.

(Telegram.)

Sydney, 29th December, 1900.

At an interview between Victorian Postmaster-General and myself it was arranged to do nothing in matter of Eastern Extension Company's proposals until Pacific-cable contract signed.

No. 42.

The Hon. the POSTMASTER-GENERAL, Melbourne, to the Hon. the POSTMASTER-GENERAL, Wellington.

(Telegram.)

Melbourne, 31st December, 1900.

At a recent interview Postmaster-General, New South Wales, and myself it was arranged to do nothing in matter of Eastern Extension Company's proposals until Pacific-cable contract signed.

No. 43.

The Hon. the POSTMASTER-GENERAL, Wellington, to the MANAGER in AUSTRALASIA, Eastern Extension Company, Melbourne.

(Telegram.)

Wellington, 10th January, 1901.

DOES your company propose to extend the reduced international cable rates to New Zealand?

No. 44.

The MANAGER in AUSTRALASIA, Eastern Extension Company, Melbourne, to the Hon. the POSTMASTER-GENERAL, Wellington.

(Telegram.)

Melbourne, 10th January, 1901.

If you are prepared to accept the Adelaide agreement, I will wire the alterations to be inserted in a supplemental agreement to admit New Zealand; otherwise present international New Zealand rates will remain in force. On the other hand, if Adelaide agreement accepted, the tariff will be reduced to 3s. 6d., *plus* New Zealand cable and New Zealand terminal rates. Prompt decision necessary if reduced tariff to come into operation on 1st February, as supplemental agreement with New South Wales and Victoria now about to be signed.

No. 45.

The Hons. the POSTMASTERS-GENERAL, Sydney and Melbourne, to the Hon. the POSTMASTER-GENERAL, Wellington.

(Telegram.)

Sydney, 11th January, 1901.

WE have received following telegram from Warren: "If you and the Honourable the Postmaster-General of Victoria are prepared to accept the Adelaide agreement [No. 176, F.—8, 1900], and the Agents-General for the two States are promptly instructed to sign the supplemental agreement, the two States can have the reduced rates as per Schedule B from 1st February next [see page 69, F.—8, 1900]—namely, three and six (3s. 6d.) ordinary, two and six (2s. 6d.) Government, and one and four (1s. 4d.) Press. The following alterations and amendments will be inserted in the said supplemental agreement: In third recital, Adelaide agreement referred to, Article 5, Table B, dispensed

with; Article 14 entirely omitted, as company will provide their own offices at Sydney and Melbourne; Articles 15 and 16 remodelled to suit altered circumstances; Table A struck out of schedule. Other alterations are only dates and names, to admit New South Wales and Victoria."

We have sent following reply: "We are prepared to accept Adelaide agreement with such alterations as are necessary by reason of New South Wales and Victoria coming in at the present time. Article 14 of Adelaide agreement omitted. Rates from 1st February to be as in your telegram. We will instruct our Agents-General to sign amended agreement in London at once in these terms. Will you take necessary steps to inform Berne?"

No. 46.

The Hon. the POSTMASTER-GENERAL, Wellington, to the MANAGER in AUSTRALASIA, Eastern Extension Company, Melbourne.

(Telegram.)

Wellington, 18th January, 1901.

HAVE perused Adelaide agreement, 14th April. It would now be convenient were you to indicate for my consideration the amendments proposed to be inserted in supplemental agreement as applying to this colony.

No. 47.

The Hon. the PREMIER, Melbourne, to the Hon. the PREMIER, Wellington.

(Telegram.)

Melbourne, 19th January, 1901.

PACIFIC cable: Western Australia, South Australia, and Tasmania some months ago agreed with the Eastern Extension Company to grant permission to at once open offices for direct transaction of business, and have obtained considerable reduction in charges. Postmasters-General of New South Wales and Victoria had a conference, and agreed in writing to give similar privileges from date of completion of Pacific cable, but getting reduction at once—that is, from 1st proximo—Postmaster-General of Victoria being under a misapprehension of exact position of matter. New South Wales has instructed Agent-General, and he has signed agreement, but on matter being reported to Victorian Cabinet it was determined not to do anything which would be a breach of the terms on which the contributing parties entered into contract. However, New South Wales having obtained the advantage, we are naturally desirous that our people should be in as good a position as the other States, if other parties interested do not consider we are breaking faith with them. I shall, therefore, be glad to know whether, under the circumstances as they now exist, you will object to Victoria entering into the proposed agreement. The matter of allowing the Eastern Extension Company to have separate offices was not thought of or taken into consideration at the time of the negotiations, and a large number of our people consider that the proposed agreement is justifiable, and therefore I shall be glad if you can give your consent. Telegraph reply.

No. 48.

The Hon. the ACTING-PREMIER, Wellington, to the Hon. the PREMIER, Brisbane.

(Telegram.)

Wellington, 20th January, 1901.

PACIFIC cable: Premier, Victoria, wishes to know whether it would be considered breach of faith with other interested Governments if his colony, in making agreement with Eastern Extension Telegraph Company for reduction international cable rates, agreed that company should have separate office in Melbourne from date opening Pacific cable. New South Wales has already consented to separate office in Sydney. Sir George Turner, however, does not feel justified in going so far in respect of his colony until he obtains views other Governments. As we have been acting in concert with you, I shall be obliged if you will favour me with your views, so that I may advise our Premier, who will be in Melbourne this week.

No. 49.

The Hon. the ACTING-PREMIER, Wellington, to Hon. the PREMIER, Melbourne.

(Telegram.)

Wellington, 21st January, 1901.

PACIFIC cable and your telegram of nineteenth.: Am in communication with Premier, Brisbane, and when his views ascertained will telegraph our Premier, who should be in Melbourne to-day.

No. 50.

The MANAGER in AUSTRALASIA, Eastern Extension Company, Melbourne, to the Hon. the POSTMASTER-GENERAL, Wellington.

(Telegram.)

Melbourne, 23rd January, 1901.

PRINCIPAL amendments to admit New Zealand in Adelaide agreement are roughly as follows: 1st, in third recital Adelaide agreement referred to: 2nd, in Article 5 reference to Table B omitted: 3rd, Article 14 entirely omitted, as company will provide their own offices in principal towns of New Zealand: 4th, Articles 15 and 16 remodelled to suit altered circumstances—namely, in Article 15, Government to provide and maintain a special wire between Wellington and Wakapuaka for company's exclusive use, which will be worked by company's staff, Government receiving their terminal

charges between as defined in the schedule; Article 16, company entitled open their own office in Wellington for collecting from and delivering to the public all cable messages, and also entitled to establish agencies for collection of international and inter-State traffic at Auckland, Christchurch, Dunedin, and Nelson, and messages so collected and marked "*via* Extension" shall have precedence over ordinary local traffic where Convention Article 4 impracticable: 5th, Article 19, proviso in latter part referring to South Australia and Tasmania agreement omitted: 6th, Table A struck out of schedule. Other alterations are only dates and name, to admit New Zealand. If you approve of these amendments, London will wire out exact working of Articles 15 and 16.

No. 51.

The Hon. the PREMIER, Brisbane, to the Hon. the PREMIER, Wellington.

(Telegram.)

Brisbane, 23rd January, 1901.

REFERRING to your telegram of 20th instant, I have already advised Premier of Victoria as follows: "*Re* agreement with Eastern Extension Company: Although Government of Queensland could not reasonably object to the action taken by those States which were not parties to agreement respecting Pacific cable, they most decidedly object to any State which has virtually entered into a partnership with Queensland, Canada, New Zealand, and Imperial Government for the joint ownership of Pacific cable granting any concession to Eastern Extension Company, which must be detrimental to owners of Pacific cable, for the purpose of securing a temporary advantage. Our position in this matter is supported by the telegram of Secretary of State to Governor of Victoria of 25th February last, page 41 of correspondence published by Victorian Government, and the further telegram of the Secretary of State of 5th May last, published at page 49 same correspondence. Moreover, I consider it unfortunate that precipitate action should have been taken by any of the Australian States concerned, as the matter is one of Federal interests, and should have been dealt with by Federal Government."

No. 52.

The AGENT-GENERAL to the Hon. the PREMIER.

(Telegram.)

London, 28th January, 1901.

HAVE written to Colonial Office expressing dissatisfaction New South Wales Government entering into agreement with Eastern Telegraph Company. Agent-General for Government Queensland shares in view. Secretary of State for Colonies arranging for meeting of Pacific Cable Board, give the matter full consideration.

No. 53.

The AGENT-GENERAL to the Hon. the PREMIER.

Westminster Chambers, 13, Victoria Street, London, S.W.,
30th January, 1901.

SIR,—

I beg herewith to transmit copy of cablegrams and correspondence which have been supplied to me by the Colonial Office relative to the action taken by the New South Wales Government in entering into the agreement referred to therein with the Eastern Telegraph Company.

I also attach copy of my letter to the Colonial Office, expressing regret that such action had been taken, and expressing my willingness to co-operate in any step which might be taken to bring about a reconsideration of the matter.

The Hon. the Premier, Wellington.

I have, &c.,

W. P. REEVES.

Enclosure 1 in No. 53.

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

SIR,—

Colonial Office, Downing Street, S.W., 23rd January, 1901.

I am directed by Mr. Secretary Chamberlain to transmit to you, for your information and for the information of the New Zealand Government, copy of a telegram which has been received from the Officer Administering the Government of New South Wales, on the subject of the agreement entered into by the Government of that State with the Eastern Telegraph Company.

The Agent-General for New Zealand.

I am, &c.,

H. BERTRAM COX.

Sub-enclosure 1 in Enclosure 1 in No. 53.

MR. CHAMBERLAIN to the OFFICER ADMINISTERING the GOVERNMENT of NEW SOUTH WALES.

(Telegram.)

Downing Street, 8th January, 1901.

REFERRING to my telegram of the 2nd July, Canadian Government are informed that New South Wales will probably accept proposals of Eastern Telegraph Company. Presume that this is not correct, and that matter will be kept open till Pacific Cable Board is in position to deal with it.

Sub-enclosure 2 in Enclosure 1 in No. 53.

The OFFICER ADMINISTERING the GOVERNMENT of NEW SOUTH WALES to MR. CHAMBERLAIN.

(Telegram.)

Sydney, 17th January, 1901.

REFERRING to your telegram of 8th January, my Ministers advise that Pacific Cable Board has no power to deal with any matter affecting Post Office except Pacific cable. Our Post Office will probably pass to Federal Government at the end of next month, when cable rates would necessarily be uniform. At present this State pays 4s. 11d. per word, while the adjoining State pays 3s. 6d. Paving the way for uniformity in the Federal service, my Government has entered into agreement with Eastern Extension Company for uniformity of rate from 1st February.

Enclosure 2 in No. 53.

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

SIR,—

13, Victoria Street, S.W., 25th January, 1901.

I am directed by the Agent-General to acknowledge the receipt of your letter of the 23rd instant, inclosing copy of a telegram which had been received from the Officer Administering the Government of New South Wales, on the subject of the agreement entered into by the Government of that State with the Eastern Telegraph Company, and, in reference thereto, to express his regret at the action taken by the New South Wales Government.

I am to add that the Agent-General would be glad to co-operate in any steps which might possibly be taken with a view to the reconsideration of the question at issue.

I am, &c.,

The Under-Secretary of State for the Colonies.

WALTER KENNAWAY.

Enclosure 3 in No. 53.

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

SIR,—

Colonial Office, Downing Street, S.W., 26th January, 1901.

With reference to your letter of the 25th instant, I am directed by Mr. Secretary Chamberlain to transmit to you, for your information, copy of a correspondence with the Agent-General for Victoria with reference to the proposals made to his Government by the Eastern Extension Telegraph Company for the conclusion of an agreement similar to that recently entered into by the Government of New South Wales.

I am, &c.,

The Agent-General for New Zealand.

H. BERTRAM COX.

Sub-enclosure 1 in Enclosure 3 in No. 53.

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

SIR,—

Victoria Office, 15, Victoria Street, S.W., 22nd January, 1901.

I have the honour to inform you that I have received the following telegram from my Government. [Text as in No. 47.]

I have, &c.,

The Under-Secretary of State, Colonial Office.

ANDREW CLARKE.

Sub-enclosure 2 in Enclosure 3 in No. 53.

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

SIR,—

Downing Street, 26th January, 1901.

I am directed by Mr. Secretary Chamberlain to acknowledge the receipt of your letter of the 22nd instant, communicating the text of a telegram which you have received from the Government of Victoria with reference to the proposals made to them by the Eastern Extension Telegraph Company for the conclusion of an agreement similar to that recently entered into by the Government of New South Wales.

Mr. Chamberlain is endeavouring to arrange for the immediate assembly of the Pacific Cable Board in order that His Majesty's Government may have the benefit of the advice of that body, as representing all the partners in the Pacific cable, before expressing a definite opinion on the subject.

A letter from the Agent-General for New Zealand respecting the action of the Government of New South Wales is enclosed.

Copies of this correspondence have been communicated to the High Commissioner for Canada and the Agents-General for New South Wales, Queensland, and New Zealand.

I am, &c.,

The Agent-General for Victoria.

H. BERTRAM COX.

[For Enclosure 4 in No. 53, see No. 52.]

Enclosure 5 in No. 53.

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

SIR,—

Colonial Office, Downing Street, S.W., 29th January, 1901.

With reference to the letter from this Department of the 26th instant, I am directed by Mr. Secretary Chamberlain to transmit to you, for your information, copy of a letter from the High Commissioner for Canada respecting the agreement recently concluded by the Government of New South Wales with the Eastern Extension Telegraph Company.

I am, &c.,

The Agent-General for New Zealand.

H. BERTRAM COX.

Sub-enclosure in Enclosure 5 in No. 53.

The HIGH COMMISSIONER for CANADA to the UNDER-SECRETARY of STATE for the COLONIES.
SIR,—

17, Victoria Street, S.W., 26th January, 1901.

I beg to acknowledge your letter of the 23rd instant, respecting the reported acceptance by the Government of New South Wales of the proposals of the Eastern Extension Telegraph Company, and transmitting copy of a telegram received from the Officer Administering the Government of that colony on the subject.

Your further letter of the 25th instant, with a copy of Mr. Chamberlain's telegram to the Government of New South Wales dated the 8th instant, has also reached me.

I had no doubt that the action of the New South Wales Government would cause grave disappointment among the other partners in the Pacific-cable scheme. After all the correspondence that has passed, it was never deemed possible that any one of the partners in the construction of the Pacific cable would enter into any agreement with a competing line without the consent and approval of Her Majesty's Government and the other colonies associated with them.

Sir Andrew Clarke, a few days ago, handed to me a copy of a telegram received by him from the Government of Victoria stating that, although they had agreed with the New South Wales Government recently to sign the agreement with the Eastern Extension Company, their action in the matter was the result of a misapprehension, and that they did not wish to proceed further or to do anything that could possibly be regarded as a breach of the terms on which the contributing parties had entered into the contract for the Pacific cable. At the same time, the telegram gave expression to the desire of the Government, should no objection be raised, to participate in the temporary advantages which the people of New South Wales would secure by the action of its Government.

I at once took the opportunity of cabling to Canada both the telegram received by Mr. Chamberlain from New South Wales and the effect of the telegram addressed to Sir Andrew Clarke by the Government of Victoria.

I have now to transmit, for the information of Mr. Chamberlain, the following telegram, which reached me to-day from Sir Wilfrid Laurier: "Canadian Government entered into Pacific-cable partnership in full confidence no partner Government would alter conditions then existing to prejudice of scheme. Consider concessions asked for Eastern Extension would, if granted, materially alter conditions and seriously prejudice scheme. Canada certainly will be unwilling to continue its adherence if co-partners, without mutual consent, change basis on which partnership formed. Last Saturday received cable from Premier Victoria asking views, and cabled reply to above effect."

I venture to believe that His Majesty's Government will use their best endeavours with New South Wales and with the Government of Victoria to bring about a reconsideration of the matter, in the hope that it may still be possible to avoid the consequence of the action of the former Government, which is certainly calculated to seriously prejudice both the construction and successful operation of the Pacific cable.

I am, &c.,

The Under-Secretary of State, Colonial Office, S.W.

STRATHCONA.

No. 54.

The MANAGER in AUSTRALASIA, Eastern Extension Company, Melbourne, to the SECRETARY, General Post Office, Wellington.

(Telegram.)

Melbourne, 4th February, 1901.

THE remaining sections—between Cornwall, Madeira, and St. Vincent—of the Eastern Telegraph Company's new direct cable to South Africa, which is to connect with the Eastern Extension Company's Cape-Australian cable, are now completed and open for traffic. The Telegraph Construction Company's steamer "Britannia" is to leave the Thames during the current month for Adelaide to lay the shore ends and intermediate cable of the Adelaide-Fremantle section of the Cape cable, and after the completion of this work she will proceed to the Pacific and start surveying the route for the all-British cable.

No. 55.

The Hon. the PREMIER, Brisbane, to the Hon. the PREMIER, Wellington.

(Telegram.)

Brisbane, 6th February, 1901.

WE have received following telegram from our Agent-General:—"Pacific cable: Canada has given to Secretary of State notice consider concessions to Eastern Extension materially alter conditions, seriously prejudice scheme. Unwilling continue adherence if partners without mutual consent change basis on which partnership formed."

No. 56.

The Hon. the PREMIER, Wellington, to the Hon. the PREMIER, Melbourne.

(Telegram.)

Wellington, 7th February, 1901.

PRESUMED you had kept copy of draft letter to Eastern Extension Company. Retained draft you sent, and notified you personally approved on behalf New Zealand. If you have not copy will telegraph your original save time. Officially notify you approve.

(DRAFT.) PROPOSED LETTER to the Eastern Extension, Australasia, and China Telegraph Company (Limited).

IN order to settle the difficulty which has arisen in regard to the reduction of the present cable rates, we desire to assure you that on the completion of the Pacific cable nothing will be done by our respective Governments or any of our officers which will unfairly take away from the company business which otherwise would be transacted through it, and that where cablegrams are handed to any officer without being marked for either line the officer will ask the sender which line he desires to use, and have the cablegram so marked.

We do not in any way desire to have any competition with the company which is not legitimate, so long as the company acts in a similar way, and maintains without exception its published tariff of rates.

We are prepared, also, to advise those who are associated with us in the Pacific-cable scheme to ask the Committee in London to negotiate with the company for a joint promise, as suggested by the Committee, and any understanding arrived at will be favourably considered by our Governments.

We trust that the company will be satisfied with this proposal, and thus put an end to the difficulties which have arisen, and prevent any further unpleasantness.

No. 57.

The Hon. the PREMIER, Melbourne, to the Hon. the PREMIER, Wellington.

(Telegram.)

Melbourne, 8th February, 1901.

SIR George Turner did keep a copy of draft letter to Eastern Extension Company, therefore unnecessary trouble you for copy. He was in doubt as to what became of copy which he handed to you. Sir George Turner yesterday sent copy to Premier of Queensland with request to be informed of views of that Government with regard thereto.

No. 58.

The Hon. the PREMIER to the AGENT-GENERAL.

(Telegram.)

Wellington, 8th February, 1901.

PLEASE inform Canada at once that New Zealand is in harmony with Victoria and Queensland, and has no intention of agreeing to concessions asked by Eastern Extension, and will be no party, unless with consent of partners, to alter conditions or knowingly do anything prejudicial to Pacific scheme.

No. 59.

The Hon. the PREMIER, Wellington, to the Hon. the PREMIER, Brisbane.

(Telegram.)

Wellington, 8th February, 1901.

PACIFIC cable: New Zealand has no intention of making any concessions to Eastern Extension. Our Agent-General requested inform Canada.

No. 60.

The AGENT-GENERAL to the Hon. the PREMIER.

Westminster Chambers, 13, Victoria Street, London, S.W.,
15th February, 1901.

SIR,—

In continuation of my letter of 30th ultimo, I beg to enclose herewith copy of a letter which I addressed to the High Commissioner for Canada upon receipt of your cablegram of 8th instant, relating to the Eastern Telegraph Company's agreement with New South Wales, together with a copy of the High Commissioner's reply.

I have, &c.,

The Hon. the Premier, Wellington.

W. P. REEVES.

Enclosure 1 in No. 60.

The AGENT-GENERAL to the HIGH COMMISSIONER for CANADA.

DEAR LORD STRATHCONA,—

13, Victoria Street, S.W., 8th February, 1901.

Referring to your letter of the 26th ultimo, and in confirmation of the assurance which I have already given to you that my Government would co-operate with Canada in disapproving the step taken by the New South Wales Government, I beg to quote for your information a copy of a cablegram which I have this day received from my Government. [See No. 58.]

I am, &c.,

Lord Strathcona and Mount Royal.

W. P. REEVES.

Enclosure 2 in No. 60.

The HIGH COMMISSIONER for CANADA to the AGENT-GENERAL.

DEAR MR. REEVES,—

17, Victoria Street, S.W., 11th February, 1901.

I am in receipt of your letter of the 8th instant, and am greatly obliged to you for acquainting me with the text of the cablegram received by you from your Government, in which they state their attitude in regard to the concession asked for by the Eastern Extension Telegraph Company.

I have noted this message with much satisfaction, and am glad to say that I have also recently received a letter from Sir Horace Tozer, in which he assured me that both the Queensland Government and himself were entirely in accord with the views held by the Canadian Government in regard to the action taken by the New South Wales Government in this matter.

I remain, &c.,

The Hon. W. P. Reeves.

STRATHCONA.

No. 61.

The AGENT-GENERAL to the Hon. the PREMIER.

(Telegram.)

London, 12th April, 1901.

I AM desired by Colonial Office to ascertain opinion of Government of New Zealand as to resolution passed by Cable Board recommending special conference discuss position caused by New South Wales agreement signed with Eastern Telegraph Company. I believe that Imperial Government favourable to holding conference, and advise your assent.

No. 62.

The Hon. the PREMIER to the AGENT-GENERAL.

(Telegram.)

Wellington, 13th April, 1901.

RECOMMENDATION Cable Board: Approve conference being held to discuss position caused by New South Wales agreement signed Eastern Telegraph Company, it being clearly understood that, so far as this colony is concerned, there must be no departure from the original arrangements. Sincerely hope result conference will be that New South Wales be able to go back to same position as other contracting parties.

No. 63.

The Hon. the PREMIER, Wellington, to the Hon. the PREMIER, Melbourne.

Premier's Office, Wellington, 19th April, 1901.

SIR,—

Reduction of Cable Rates.

Referring to previous correspondence, and more particularly to the Hon. Mr. Peacock's telegram to me of the 8th February last, I have the honour to inquire what further action has been taken in respect of the joint letter proposed to be sent the Eastern Extension, Australasia, and China Telegraph Company, the draft of which Sir George Turner forwarded to the Premier of Queensland the day before you telegraphed me.

I have, &c.,

W. C. WALKER, for the Premier.

The Hon. the Premier, Melbourne.

No. 64.

The AGENT-GENERAL to the Hon. the PREMIER.

Westminster Chambers, 13, Victoria Street, London, S.W.,
25th April, 1901.

SIR,—

I beg to transmit herewith copy of correspondence with the Colonial Office [not printed] relating to the proposal to hold a conference representing the Governments interested in the Pacific cable, for the purpose of discussing the effect of the agreement concluded on the 16th January last between the Government of New South Wales and the Eastern Extension Telegraph Company, and for considering how the disturbance brought about thereby can be readjusted.

I have, &c.,

W. P. REEVES.

The Hon. the Premier, Wellington.

No. 65.

The AGENT-GENERAL to the Hon. the PREMIER.

Westminster Chambers, 13, Victoria Street, London, S.W.,
9th May, 1901.

SIR,—

In continuation of my letter of 25th ultimo, I beg to transmit copy of further correspondence [not printed] relating to the agreement made between the Government of New South Wales and the Eastern Extension Telegraph Company.

I have, &c.,

W. P. REEVES.

The Hon. the Premier, Wellington.

No. 66.

The Hon. the PREMIER to the AGENT-GENERAL.

SIR,—

Premier's Office, Wellington, 31st May, 1901.

I have the honour to acknowledge the receipt of your letters of the 30th January and 15th February last, forwarding copies of cablegrams and correspondence supplied to you by the Colonial

Office relative to the action taken by the New South Wales Government in entering into an agreement with the Eastern Telegraph Company, and your reply, together with a copy of your letter to the High Commissioner for Canada in connection with the said agreement, and of the reply thereto.

I have, &c.,

J. G. WARD, for the Premier.

The Hon. W. P. Reeves, Agent-General for New Zealand, London.

No. 67.

The Hon. the PREMIER to the AGENT-GENERAL.

Premier's Office, Wellington, 6th June, 1901.

SIR,—

Pacific Cable.

I have the honour to acknowledge the receipt of your letter of the 25th April last, transmitting copy of correspondence with the Colonial Office relating to the proposal to hold a conference representing the Governments interested in the Pacific cable, for the purpose of discussing the effect of the agreement concluded on the 16th January last between the Government of New South Wales and the Eastern Extension Telegraph Company, and for considering how the disturbance brought about thereby may be readjusted.

I have, &c.,

W. C. WALKER, for the Premier.

The Hon. W. P. Reeves, Agent-General for New Zealand, London.

No. 68.

The Hon. the PREMIER to the AGENT-GENERAL.

Premier's Office, Wellington, 15th July, 1901.

SIR,—

Cape Cable.

I have the honour to acknowledge the receipt of your letter of the 9th May last, transmitting copy of further correspondence relating to the agreement made between the Government of New South Wales and the Eastern Extension Telegraph Company.

I have, &c.,

J. G. WARD, for the Premier.

The Hon. W. P. Reeves, Agent-General for New Zealand, London.

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