

1913.
NEW ZEALAND.

TELEGRAPH CABLES

(FURTHER PAPERS RELATING TO).

[In continuation of Paper F.—8, presented on the 15th August, 1912.]

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

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PACIFIC CABLE.

FINANCE, RATES, TRAFFIC, ETC.

No. 1.

The ACTING HIGH COMMISSIONER to the Hon. the PRIME MINISTER.

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

27th September, 1912.

SIR,—

Referring to my letter of the 11th October, 1911 [No. 1, F.—8., 1912], I have the honour to enclose herein copy of a letter from the Colonial Office covering a communication from the Imperial Treasury showing the amounts recoverable from the colonial Governments in respect to the deficit on the working of the cable for the year ended 31st March, 1912, and asking that arrangements might be made for payment to the Imperial Treasury of the sum of £4,499 17s. 8d., being the amount due from the Government of New Zealand.

* * * * *

Payment has been made to the Imperial Treasury.

The payment will appear in the next accounts forwarded to the Treasury.

I have, &c.,

The Hon. the Prime Minister, Wellington.

C. WRAY PALLISER.

[Tel. 12/101(65).]

Enclosure in No. 1.

The UNDER-SECRETARY OF STATE, Colonial Office, to the SECRETARY TO THE HIGH COMMISSIONER.

SIR,—

Colonial Office, Downing Street, London S.W., 18th September, 1912.

I am directed by Mr. Secretary Harcourt to transmit to you, for the information of the High Commissioner, the accompanying copy of a letter from the Treasury on the subject of the expenses incurred in connection with the Pacific Cable Board for the year 1911–12, and to inquire whether he can arrange to pay to the Imperial Treasury the sum of £4,499 17s. 8d., being the amount due from the Government of the Dominion.

2. I am to add that copies of the papers enclosed in this letter have been forwarded to the Governor of New Zealand.

I am, &c.,

HENRY LAMBERT,

For the Under-Secretary of State.

The Secretary, Office of the High Commissioner for New Zealand.

Sub-enclosure 1 in No. 1.

The SECRETARY TO THE TREASURY to the UNDER-SECRETARY OF STATE, Colonial Office.

SIR,—

Treasury Chambers, Whitehall, London S.W., 6th September, 1912.

I am directed by the Lords Commissioners of His Majesty's Treasury to request you to inform Mr. Secretary Harcourt that the Pacific Cable Board's account of the expenses of the cable for the year ended the 31st March last has now been audited. A copy of the Auditor's report is enclosed herewith, from which it will be seen that the deficit on the working of the cable for the year 1911–12 amounted to £40,498 18s. 11d., and the sums recoverable from the Dominion Governments are therefore as follows:—

	£	s.	d.
Australia (six-eighteenths)	13,499	12	11
Canada (five-eighteenths)	11,249	14	2
New Zealand (two-eighteenths)	4,499	17	8

£29,249 4 9

I am accordingly to request you to move Mr. Harcourt to communicate with the Dominion Governments concerned in order that these amounts may be paid as soon as practicable to the credit of the account of the vote for telegraph subsidies and Pacific cable.

A copy of the printed account as presented to Parliament is also enclosed.

I am, &c.,

ROBERT CHALMERS.

The Under-Secretary of State, Colonial Office, London S.W.

Sub-enclosure 2 in No. 1.

The AUDITOR TO THE TREASURY to the SECRETARY TO THE TREASURY, London.

SIR.— Treasury Chambers, Whitehall, London S.W., 23rd July, 1912.

I have the honour to report that I have audited the accounts of the Pacific Cable Board for the year ended 31st March, 1912, in accordance with the instructions conveyed in their Lordships' minute of the 17th April, 1902, and have found them correct.

The annual expenses of the cable, as defined in section 3 (2) of the Pacific Cable Act, 1901, so far as they were not met out of the receipts arising in connection with the cable, amounted in the year ended 31st March, 1912, to £40,498 18s. 11d., and a sum of £29,249 4s. 9d., representing thirteen-eightieths of the net expenditure, is therefore recoverable from the contributing Governments, viz. :—

	£	s.	d.
Australia (six-eightieths)	13,499	12	11
Canada (five-eightieths)	11,249	14	2
New Zealand (two-eightieths)	4,499	17	8
	£29,249	4	9

I beg to submit that the accompanying account, which has been duly certified, be presented to Parliament in compliance with section 7 of the Pacific Cable Act, 1901.

The Secretary to the Treasury, London.

I have, &c.,

G. H. HUNT, Auditor.

Enclosure to Sub-enclosure 2 in No. 1.

The CHAIRMAN, Pacific Cable Board, London, to the LORDS COMMISSIONERS OF HIS MAJESTY'S TREASURY, London.

The Pacific Cable Board, Queen Anne's Chambers, S.W.,

MY LORDS,—

17th July, 1912.

I have the honour, on behalf of the Pacific Cable Board, to submit, in the form hitherto adopted, the following accounts :—

- (I.) The sum issued out of the Consolidated Fund, and the expenditure of the Board on Capital Account ;
- (II.) The money borrowed and the securities created :
- (III.) The aggregate amount of capital expenditure up to the 31st March, 1912 ;
- (IV.) The expenses of the cable in the year ending the 31st March, 1912 ;
- (V.) The account of the Provident Fund ; and
- (VI.) The account of the Reserve and General Renewal Fund.

2. The results of the year's working are set forth in the following statement :—

	<i>Receipts.</i>			<i>Expenditure.</i>		
	£	s.	d.	£	s.	d.
Traffic receipts	159,051	1	2			
Less Atlantic companies' charge for conveying date and time, and for delivering duplicate copies in London and other large centres in United Kingdom	4,159	7	6			
				154,891	13	8
Bank interest				238	3	9
Refund tolls and dues				34	3	0
Charter of " Iris "				3,986	0	6
				£159,150	0	11
Head office (salaries and expenses, canvassing, engineers' fees, and royalties)				8,866	0	6
Cable-stations (salaries and expenses)				66,306	3	5
Ship's salaries and expenses				12,609	8	1
Provident Fund				1,972	9	10
Renewal Account				32,350	0	0
Excess of receipts over expenditure				37,045	19	1
				£159,150	0	11

3. The sum of £37,046 was thus available towards meeting the annuity of £77,544 payable to the National Debt Commissioners in respect of interest and sinking fund on the sum of £2,000,000 advanced by them for the purpose of providing the capital required for laying and equipping the Pacific Cable. This is £7,712 more than was available in the year 1910-11, and reduces by an equal amount the sum to be provided by vote of the Imperial and Dominion Parliaments, which will be £40,498 for the year under review.

4. The increase of £18,749 shown in the net traffic receipts is due to increased traffic, and was more by £13,891 than was originally estimated by the Board. The gross revenue includes a sum of

£3,986 received from the Compagnie Française des Cables Télégraphiques for the charter of the " Iris " for 29½ days from the 24th February to the 26th March, 1911, for repair of the company's New Caledonia cable.

The actual cost to the Board of the expedition was £1,636, and that sum was included in the item " Ship's expenses " for the year 1910-11, in which they were incurred. The balance, £2,350, falls to the credit of the Renewal Account, in accordance with the suggestion made in paragraph 4 of last year's report, and subsequently approved by your Lordships; and the transfer appears in the account of the year under review, in the course of which the extra receipt was received.

5. Expenditure shows an increase over that of 1910-11 of £12,761, of which £7,339 falls under the head of rent of the Montreal-Bamfield land line, for which a full year's rent was payable as against a four months' rent only in 1910-11, and £2,350 is the addition to the sum carried to the Renewal Account out of the extra receipt from the French Cable Company. Increments of salaries and overtime due to increase of business account for £2,725, and the increased charges for calls at Fanning Island for £696, while on the balance of other heads of expenditure some saving was shown.

The expenditure has exceeded the original estimate by £11,129, and the revised estimate of December last by £7,123. The principal causes of the excess as anticipated in December last (apart from the sum of £2,350 by which the charge to Renewal Account for the year has been increased) were explained in detail in my letter of the 18th of that month. But the accounts as now received show that sufficient allowance was not then made for various causes operating in the direction of increased expenditure, including the preparation of the " Iris " for sea at the end of March.

6. The preliminary forecast of revenue and expenditure for the year ending 31st March, 1913, prepared on the 18th December, 1911, was as follows:—

	£		£
Traffic revenue	157.000	Renewal Fund	30.000
		Working-expenses	86.855
		Excess	40.145
	£157.000		£157.000

7. It will be seen that the Renewal Fund stood at £286,289 on the 31st March, 1912. The balance of cash at that date to the credit of this account was £33,512. Credit is given to the Renewal Fund for all interest earned by investments on this account, and as the interest for the year has amounted to over £9,000, while the appropriation from the revenue for this purpose has been £30,000, the growth of the fund has been at the rate of over £39,000 a year. As will be seen further on, the cost of the new Australia - New Zealand cable will be met out of the Renewal Account. In addition to the cash reserve there is in hand cable, &c. of the value of £15,945.

The Cable, Instruments, &c.

8. The cable was maintained in good working-order, without interruptions, throughout the year. To the instruments in use a very important addition was made by the adoption for the sections of the cable on either side of Fanning Island of a new contrivance for magnifying the signals, the invention of Mr. E. S. Heurtley. On those sections, especially the one connecting Vancouver Island with Fanning, the signals, owing to the great distances, are necessarily feeble, and the magnification of them by means of this instrument not only tends to accuracy of transmission, but sensibly increases the speed at which messages can be sent—by as much as 25 per cent. This is a matter of great and, with the rapid growth of traffic, of increasing importance, and in consequence the Board felt justified in incurring the somewhat heavy expenses that the license to use the instrument entails. Under the contract with the patentee a royalty of £1,000 per annum is payable for the first year, increasing in subsequent years (subject to a maximum of £1,500) by £5 for every completed 10,000 words by which the total traffic over the cable in the preceding year may have exceeded 2,000,000 words.

Extension of the Cable.

9. On the 16th December last the Royal assent was given to an Act—the Pacific Cable Act, 1911—authorizing the Board to lay a submarine cable between Australia and New Zealand, and " any other extensions, connections, or rearrangements in or near the Pacific Ocean which, in the opinion of all the contributing Governments, are necessary or expedient for the improvement of the Pacific Cable Board's undertaking." To meet the cost of works thus authorized, the Board are empowered to apply such sums as may be required out of their Reserve Fund, subject to two conditions: (a) that the fund is at no time to be reduced below the sum of £100,000, and (b) that all sums drawn from the fund are to be repaid with interest at 3½ per cent. by annuities running for thirty-five years, the charges for such annuities to form part of the annual expenses of the Pacific Cable in each year.

10. The extension more immediately contemplated by the Act—viz., that of a submarine cable directly connecting Australia and New Zealand—had been the subject of correspondence with the contributing Governments for nearly two years previously, and from it the Board expect to derive very substantial advantages. In the first place, by completing the triangle Norfolk Island - Australia - New Zealand, it will practically duplicate the two southern sections of the Pacific Cable, as in the event of an interruption on either the traffic can be conveyed by the two other sides of the triangle. Next it will render practicable a considerable economy in working-expenses, estimated as in the neighbourhood of £6,000 per annum, because it is proposed to make the line Norfolk Island - New Zealand - Australia the regular route for all traffic, and this will allow of substantial reductions in the staff now maintained at Norfolk Island, and at Southport in Queensland. Lastly, it will get rid of the present circuitous route for intercolonial traffic via Norfolk Island, and by simplifying and accelerating transmission, and by avoiding the long land-line section between Southport and Sydney,

on which interruption and delays have always been only too frequent, it will improve the service to an extent that can hardly fail to influence favourably the attractions and the popularity of the Board's route between Australia and New Zealand.

11. After careful study by the Board's manager in the Pacific, Mr. Milward, it was eventually decided to adopt as the landing-places for the new cable in Australia and New Zealand respectively points in Bondi Bay, New South Wales, and Muriwai Creek, on the west coast of the North Island of New Zealand, the distance between the two being about one thousand two hundred miles. From the landing-points, connection with Sydney and Auckland respectively will be made by trenched lines, with a section of submarine line across the waters of Auckland Harbour at the New Zealand end. In addition to these works, a new length of submarine cable will be laid between the present New Zealand cable-station at Doubtless Bay and Auckland, so as to allow of conveyance of traffic direct to Auckland, without retransmission at Doubtless Bay—at the same time avoiding the more precarious overland route between Doubtless Bay and Auckland. In framing their plans the Board have throughout kept in close consultation with the Commonwealth and the New Zealand Governments, and to both their warm acknowledgments are due for much cordial co-operation and generous assistance. To the Government of New Zealand they are especially indebted for the provision, free of cost, of very ample and commodious office accommodation in the new Auckland Post-office, and also for their ready acquiescence in a proposal that the work of constructing the trench lines from Muriwai Creek should be carried out on the Board's behalf by the postal staff of the Dominion.

12. The contracts for the Bondi-Muriwai and the Doubtless Bay - Auckland cables have been placed with the Indiarubber, Guttapercha, and Telegraph Works Company (Limited), of Silvertown; that for the Bondi Bay - Sydney connection and for the trench cables on the New Zealand land line, with Messrs. Siemens Bros. and Co. (Limited); and various minor contracts have been entered into with other firms for the supply of instruments and apparatus. The only items of expenditure of which the amounts have not yet been determined are the cost of trenching the New Zealand land-line connection, and of constructing cable-houses at Bondi and Muriwai Creek. But, allowing a liberal estimate for these, it may be said with confidence that the total cost of the new extension will be under £175,000. Some delay in the completion of the cables under construction is to be apprehended as a result of the transport workers' strike in the Port of London. But, so far as can at present be judged, there is every reason to hope that the cables may be laid and brought into operation well before the close of the present calendar year. [Direct cable Sydney-Auckland opened 31st December, 1912.]

Land Lines.

13. *Canada.*—The further experience gained of the system of working the land line between Montreal and Bamfield by means of a staff employed directly by the Board amply confirms the favourable anticipations which were expressed in last year's report, the improvement in speed and accuracy having been fully maintained. The year has been, too, a fortunate one in the absence of serious interruptions due to the special climatic conditions with which the Canadian telegraph-lines have to contend. On the Montreal-Canso section, which connects with the Commercial Cable Company's cables, the service was found not to be as satisfactory as it should be, and representations on the subject were made to Mr. George Ward, the vice-president and general manager of that company. He at once took the matter in hand, and at his instance the Canadian Pacific Railway have now provided a copper wire for the section. Arrangements are also in contemplation for substituting Wheatstone automatic signalling for the present system, and the necessary staff for the purpose is being engaged by the companies. When these have been completed there is every reason to feel confident that the service on the section, already much improved, will be no less satisfactory than that of the competing line which conveys the messages of the Anglo-American Telegraph Company (Limited).

14. *Australia.*—Though better than it has been in the past, the service on the Government line between Sydney and Southport has still left much to be desired. But after the close of this year, when the new cable between Australia and New Zealand has been brought into operation, this section of the system will cease to be of first-rate importance.

15. *New Zealand.*—This section of the route has been free from serious interruption, and, as in previous years, the service over it has been maintained at a high level of efficiency.

Repairing-ship "Iris."

16. The Board are again able to record complete satisfaction with the condition in which the ship has been maintained and with the discipline and efficiency of the officers and crew. The amount of time spent at sea during the year was less than usual, having been limited to the period 6th January to 5th February, during which she was engaged in surveying the proposed line for the new cable between Muriwai Creek and Bondi. This work was carried out with great thoroughness and efficiency, in spite of very boisterous weather, and the report made has earned high compliments from the Board's consulting engineers to whom it was referred.

Staff and Stations.

17. The general health of the staff has continued satisfactory during the year, and the Board have pleasure in again being able to acknowledge the uniform zeal and efficiency that has characterized their service, tested as it has been by an increase of business which at times has imposed upon them very heavy pressure. In recognition of this the Board authorized increases of £20 in the maximum pay of operators (*i.e.*, from £200 to £220 per annum), and in both the minimum and maximum rates of pay of clerks-in-charge and supervisors, as from 1st June, 1911.

18. Early in March, 1911, the Board received notice from the Union Steam Ship Company of New Zealand that, in consequence of the more exacting terms of a new contract for conveyance of mails between Canada and New Zealand, they must, after August, 1911, terminate the arrangement under which for some time past the company's vessels had made a call at Fanning Island six times a year at a charge of £200 a call. The maintenance of regular and adequate communication with the station, which has always been a matter of difficulty, thus threatened to become one of very serious embarrassment, as there is no other steamship company which maintains regular sailings by that route. The Board accordingly at once addressed the High Commissioners for Canada and New Zealand, inviting them to represent to their respective Governments the great inconvenience which must result from a discontinuance of the periodical calls at Fanning Island, and to urge that the terms of the mail contract might be so far relaxed as to allow of at least four calls a year at the island, without exposing the company to liability for penalties for delay caused by the necessary deviations. In the correspondence that followed the Canadian Government expressed itself as willing, subject to the concurrence of New Zealand, to make the necessary concession to the company of a special allowance of time, not exceeding twenty-four hours, on four voyages in the year; but the New Zealand Government was unable to see its way to an arrangement that might operate to cause an occasional delay in the conveyance of mails, and as a result the Board found itself after August last in the exceedingly awkward position of being deprived of all regular means of communication (except by cable) with the most isolated of its stations. Inquiries were instituted in various directions, but failed to obtain any promise, either immediate or prospective, of the establishment of an alternative service that would satisfactorily replace that previously given by the Union Steam Ship Company; and in consequence the Board has since been obliged to make provisional arrangements of a precarious and costly kind for conveyance to their staff of the means of subsistence. At some inconvenience to themselves, the Union Company diverted their vessels sailing in October and December, but found themselves obliged to charge the Board £500 on the first occasion and £1,000 on the second. The next call was made by the Board's own vessel in April, and in June, by the courtesy of the Commercial Cable Company, a call was made by their schooner on its periodical voyage from Honolulu to the company's station at Midway Island, in return for a moderate fee. What permanent arrangements can be made for the future is still uncertain. There is a possibility that a company may be formed for the commercial exploitation of Fanning and Washington Islands, in which case a regular service with the islands would be a necessary part of the enterprise; there is a hope that by aid of larger vessels that are being built for it the Union Steam Ship Company may be able to undertake to renew their calls, though at an increased rate of charge; and, lastly, the Commercial Cable Company are willing to offer their assistance regularly in the same way as they have aided the Board last month. In which of these directions an escape may be found from the present difficulty cannot be decided until the various situations have been developed, and a comparison can be made of the relative advantages and disadvantages that each course may offer. Meanwhile the Board have been and are being put to much expense and anxiety, and their staff at Fanning Island to much inconvenience, discomfort, and even risk of health. The aggravation of the trials of a station that under any circumstances is sufficiently trying from its isolation and monotony has been no light one, and it is very much to the credit of the staff that it has been borne with so little of impatience or complaint. Even so the position has been one of difficulty and even danger, and the Board have thought it right to dwell on it at some length in order that the contributing Governments may fully realize the conditions. When the route for the Pacific cable was being considered it was recognized that the selection of Honolulu as the first station to the south of Vancouver offered many advantages as regards construction and maintenance, and in respect of general commercial facilities. But it was advisedly held that all these must be regarded as subordinate to the paramount consideration of having for the cable no landing-station not on British soil; and in consequence Fanning Island was chosen. The decision appears to the Board to have imposed on the contributing Governments a continuing obligation to make the station tenable, and they venture to express the hope that in future arrangements that may be made for the conveyance of mails between Canada and the Australasian Dominions this consideration may not again be lost sight of.

19. With a view to improving the conditions of life at Fanning Island, the Board decided to supply the station with a refrigerating-chamber. The apparatus was installed by the crew of the "Iris" when she visited the island in April last. Unfortunately, owing to causes which are still under investigation, its working has not so far been satisfactory, but it is hoped that it will be found possible to remedy the defects. The total cost has been about £560. In the course of the current year it is proposed also to install electric lighting in the station, the present system of illumination by means of oil-lamps being found very trying to the staff in the equatorial climate of the place.

Terminal Offices.

20. The present offices in Sydney are held on a very uncertain tenure, and have been far from satisfactory in themselves. The Board have therefore been glad to avail themselves of an opportunity that presented itself of acquiring, for the sum of £7,500, a freehold building in Pitt Street, which, with alterations estimated to cost £2,500, will provide very suitable accommodation in a convenient situation. Possession cannot be obtained before the end of the current year, and occupation will be delayed for a further period of three months during the remodelling of the premises. This expenditure will be a charge on Capital Account.

As regards the London office, the Board are in negotiation with the High Commissioner for Australia with a view to their being provided with quarters in the building about to be erected in the Strand by the Commonwealth Government.

Rates.

21. In last year's report reference was made to negotiations then being conducted by the Postmaster-General for the purpose of obtaining an international agreement for the introduction of a system of deferred messages in plain language at half the normal rate of charge. Before the close of the year the negotiations reached a successful issue, and the system was brought into operation on the 1st January, 1912. The Board's experience of it has been eminently satisfactory. In the three months to the 31st March last the number of words carried at the new rate was 46,450; and, inasmuch as during the same period the number of words carried at the normal rate showed not only no decrease but a substantial increase, it is not unreasonable to infer that these 46,450 words represented traffic of a new kind, and not merely a transference of ordinary traffic to the new class. An examination of the messages themselves confirms this inference, as it seems to show that many of them would not have been sent at all but for the attraction of the reduced rate; while others are evidently business messages *en clair* which have taken the place of code messages, but at a length which probably more than makes up for the diminished charge per word. A few weeks before—viz., on the 6th December last—a reduction to half-rate had been introduced, at the instance of H.M. Postmaster-General, on Australasian Press messages via the Pacific route, subject to their being deferred in favour of all ordinary traffic for a period not exceeding twelve hours. The experience of this concession so far shows that it has not, as in the case of ordinary traffic, led to an increase in the total number of words sent. The result appears to be, roughly, that while the total volume of Press traffic remains unaffected, about one-half of it is being sent at the reduced rate.

Changes on the Board.

22. In July, 1912, Mr. J. W. Cawston, since February, 1904, one of the Treasury representatives on the Board, was appointed Deputy Comptroller and Auditor-General, and thereupon, to the regret of his colleagues, retired from the Board. He was succeeded by Lieut.-Colonel Sir Matthew Nathan, G.C.M.G., at the time Secretary to the Post Office, but subsequently transferred to the position of Chairman of the Board of Inland Revenue. Since the close of the year under review the Board has suffered a further loss by the resignation of Sir William Hall-Jones, K.C.M.G., the representative of New Zealand. His retirement is much deplored by his colleagues. It creates a vacancy which has not yet been filled.

23. The following statement shows the progress of the international traffic since the opening of the cable:—

Number of Words dealt with.—International.

Year.	Ordinary.	Deferred Ordinary.	Government.	Press.	Deferred Press.	Total.
1902-3	202,313	..	24,210	1,831	..	228,354
1903-4	744,034	..	83,116	37,819	..	864,969
1904-5	781,028	..	71,575	19,110	..	871,713
1905-6	834,778	..	74,763	13,225	..	922,766
1906-7	1,010,133	..	101,307	17,222	..	1,128,662
1907-8	1,041,433	..	105,519	84,940	..	1,231,892
1908-9	1,012,998	..	116,847	95,203	..	1,225,048
1909-10	1,109,639	..	120,415	126,081	..	1,356,135
1910-11	1,215,306	..	166,812	467,495	..	1,849,613
1911-12	1,346,346	46,450*	164,639	501,952	71,989†	2,131,376

* Introduced 1st January, 1912.

† Introduced 6th December, 1911.

In addition to the above, a very considerable intercolonial traffic is carried between Australia, New Zealand, and the Fijis, keeping the southern sections of the cable fully occupied during business hours.

I have, &c.,

H. W. PRIMROSE, Chairman.

The Lords Commissioners of His Majesty's Treasury, Whitehall, S.W.

PACIFIC CABLE BOARD (1 EDWARD VII. C. 31).—ACCOUNT FOR THE PERIOD ENDED 31ST MARCH, 1912.

I.—Statement showing the Sum issued out of the Consolidated Fund, and the Expenditure.

—	Year in which issued.	Amount.	—	Amount.
		£ s. d.		£ s. d.
Sum issued (out of an authorized issue of £2,000,000)	1901-2	1,060,935 0 0	Expenditure in the period ended 31st March, 1911	1,997,575 15 1
Sum issued (out of an authorized issue of £2,000,000)	1902-3	939,065 0 0	Expenditure in the period ended 31st March, 1912	Cr. 872 7 0
			Balance in hand	1,996,703 8 1
				3,296 11 11
		2,000,000 0 0		2,000,000 0 0

II.—Statement showing the Sums borrowed and the Securities created.

—	Amount.		Money borrowed.		Securities created.	
	£	s. d.	£	s. d.		
Sum issued as above	2,000,000	0 0	In the period ended 31st March, 1902	784,600 0 0	Annuity of £77,544 18s. First payment, 1st December, 1903; last payment, 1st December, 1952.	
			In the year ended 31st March, 1903	1,215,400 0 0		
	2,000,000	0 0		2,000,000 0 0		

III.—Statement showing the aggregate Amount of Capital Expenditure.

Details of Expenditure.	In the Period ended 31st March, 1911.		In the Year ended 31st March, 1912.		Total to 31st March, 1912.	
	£	s. d.	£	s. d.	£	s. d.
(1.) Head office (furniture, &c.)	429	7 8	..	..	429	7 8
(2.) Stations,—						
Buildings	66,878	18 3	756	0 0	67,634	18 3
Accessories	18,828	18 11	..	..	18,828	18 11
(3.) Cable,—						
Contract	1,789,091	8 9	Cr. 1,628	7 0	1,787,463	1 9
Accessories	335	15 0	..	..	335	15 0
(4.) Instruments	28,804	8 10	..	..	28,804	8 10
(5.) Ship,—						
Contract	65,910	0 0	..	..	65,910	0 0
Accessories	7,161	8 1	..	..	7,161	8 1
(6.) Engineers' fees and expenses	20,135	9 7	..	..	20,135	9 7
	1,997,575	15 1	Cr. 872	7 0	1,996,703	8 1

IV.—Statement showing the Expenses of the Cable in the Year ended 31st March, 1912.

Details of Receipts.	Parliamentary Grant.		Revenue.		Details of Expenditure.	Annuity for the Replacement of Capital.		Working-expenses.	
	£	s. d.	£	s. d.		£	s. d.	£	s. d.
Balance on 31st March, 1911	26,063	4 4	..	..	Ninth annuity payment ..	77,544	18 0	..	..
Received from H.M. Treasury out of the parliamentary grant-in-aid	33,217	15 2	..	..	Head office (salaries and expenses)	..	..	6,243	11 9
Traffic receipts (less £4,159 7s. 6d. paid out for the insertion of date and time and for duplicate copies of messages)	..	..	154,891	13 8	Head office (advertising and canvassing, engineers' fees, and royalties)	..	..	2,622	8 9
Bank interest	..	..	238	3 9	Cable-stations (salaries and expenses)	..	..	66,306	3 5
Refund of tolls and dues	..	..	34	3 0	Cable-ship (salaries and expenses)	..	..	12,609	8 1
Received for charter of Board's cable-ship "Iris"	..	..	3,986	0 6	Provident Fund—contribution to (Statement V)	..	..	1,972	9 10
			159,150	0 11	Transferred to Cable Repair—Reserve and General Renewal Fund (Statement VI)	..	..	32,350	0 0
			59,280	19 6				122,104	1 10
					Balance on 31st March, 1912	..	..	77,544	18 0
			218,431	0 5				199,648	19 10
								18,782	0 7
								218,431	0 5

V.—Statement showing (a) the Sums received and expended, and (b) the Securities purchased and sold, on account of the Provident Fund in the Year ended 31st March, 1912.

—	Securities purchased. (For Details see below.)		Cash Receipts.		—	Securities sold or redeemed. (For Details see below.)		Cash Payments.	
	£	s. d.	£	s. d.		£	s. d.	£	s. d.
Balance on 31st March, 1911	23,548	0 0	2,404	13 6	Invested in securities, viz. :—	..	..	..	..
Transferred from the account of annual expenses (Statement IV)	..	..	1,972	9 10	£400 Bank of England stock at 257½	..	..	1,031	0 9
Contribution of employees	..	..	1,972	9 10	£5,000 Port of London Authority 3-per-cent. "A" stock at 76	..	..	3,828	18 6
Interest on securities	..	..	767	10 6	Payments to employees on cessation of services	..	..	414	12 0
Securities purchased (as per contra)	5,400	0 0	..	..	Auditor's fee	..	..	10	0 0
					Balance on 31st March, 1912	28,948	0 0	5,284	11 3
								1,832	12 5
								28,948	0 0
								7,117	3 8

V.—Statement, &c.—continued.

Details of Securities.	Balance on 31st March, 1911.		Securities purchased during Period of Account.		Total.		Securities sold or redeemed during Period of Account.	Balance on 31st March, 1912.		Value at Market Price on 31st March, 1912.		
	£	s. d.	£	s. d.	£	s. d.		£	s. d.	£	s. d.	
London County Council 3-per-cent. stock	4,700	0 0	..	..	4,700	0 0	..	4,700	0 0	84½	3,971	10 0
London, Brighton, and South Coast Railway 4-per-cent. debenture stock	1,800	0 0	..	..	1,800	0 0	..	1,800	0 0	104	1,872	0 0
Canadian Northern Railway 3-per-cent. first mortgage debenture stock (guaranteed by the Canadian Government)	2,048	0 0	..	..	2,048	0 0	..	2,048	0 0	82½	1,689	12 0
Canada 4-per-cent. debenture bonds	800	0 0	..	..	800	0 0	..	800	0 0	101	808	0 0
Canada 3½-per-cent. stock ..	1,000	0 0	..	..	1,000	0 0	..	1,000	0 0	97	970	0 0
Metropolitan Water Board 3-per-cent. "B" stock	2,200	0 0	..	..	2,200	0 0	..	2,200	0 0	82½	1,815	0 0
North-eastern Railway 3-per-cent. debenture stock	1,700	0 0	..	..	1,700	0 0	..	1,700	0 0	79	1,343	0 0
Straits Settlements 3½-per-cent. stock	3,700	0 0	..	..	3,700	0 0	..	3,700	0 0	96½	3,570	10 0
New South Wales 3-per-cent. stock	1,000	0 0	..	..	1,000	0 0	..	1,000	0 0	85	850	0 0
New South Wales 3½-per-cent. stock	1,000	0 0	..	..	1,000	0 0	..	1,000	0 0	97	970	0 0
Queensland 3½-per-cent. stock	1,800	0 0	..	..	1,800	0 0	..	1,800	0 0	96	1,728	0 0
New Zealand 3½-per-cent. stock	1,300	0 0	..	..	1,300	0 0	..	1,300	0 0	96½	1,254	10 0
India 3½-per-cent. stock ..	500	0 0	..	..	500	0 0	..	500	0 0	94	470	0 0
Bank of England stock ..	..	..	400	0 0	400	0 0	..	400	0 0	240	960	0 0
Port of London Authority 3-per-cent. "A" stock	..	..	5,000	0 0	5,000	0 0	..	5,000	0 0	77	3,850	0 0
	23,548	0 0	5,400	0 0	28,948	0 0	..	28,948	0 0	..	26,122	2 0

VI.—Statement showing (a) the Sums received and expended, and (b) the Securities purchased and sold, on account of the Cable Repair—Reserve and General Renewal Fund—in the Year ended 31st March, 1912.

	Securities purchased. (For Details see below.)		Cash Receipts.		Invested in securities, viz. :—	Securities sold or redeemed. (For Details see below.)		Cash Payments.	
	£	s. d.	£	s. d.		£	s. d.	£	s. d.
Balance on 31st March, 1911	259,280	0 0	21,498	17 9	£5,000 Straits Settlements 3½-per-cent. stock at 95½	..	..	4,784	13 6
Transferred from the account of annual expenses (Statement IV)	..	..	32,350	0 0	£5,000 Canadian Northern Railway 3-per-cent. first mortgage debenture stock at 85½	..	..	4,320	3 0
Interest on securities	..	..	9,408	19 11	£5,000 Grand Trunk Pacific Railway 3-per-cent. first mortgage sterling bonds at 82½	..	..	4,119	1 0
Securities purchased (as per contra)	32,000	0 0	..	..	£5,000 New Zealand 3½-per-cent. stock at 96½	..	..	4,837	16 0
					£5,000 Queensland 3½-per-cent. stock at 97½	..	..	4,875	0 0
					£4,000 Victoria 3½-per-cent. stock at 98½	..	..	3,940	6 0
					£3,000 Queensland 3½-per-cent. stock at 95½	..	..	2,869	1 0
					Balance on 31st March, 1912	291,280	0 0	29,746	0 6
	291,280	0 0	63,257	17 8				33,511	17 2
						291,280	0 0	63,257	17 8

VI.—Statement, &c.—continued.

Details of Securities.	Balance on 31st March, 1911.			Securities purchased during Period of Account.			Total.			Securities sold or redeemed during Period of Account.			Balance on 31st March, 1912.			Value at Market Price on 31st March, 1912.			
	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.	
Bank of England stock ..	11,500	0	0	..	..	..	11,500	0	0	..	..	..	11,500	0	0	240	27,600	0	0
Victoria 3-per-cent. stock ..	10,750	0	0	..	..	..	10,750	0	0	..	..	..	10,750	0	0	83½	8,976	5	0
Victoria 3½-per-cent. stock ..	16,000	0	0	4,000	0	0	20,000	0	0	..	..	..	20,000	0	0	95½	19,050	0	0
New South Wales 3-per-cent. stock	12,000	0	0	..	..	..	12,000	0	0	..	..	..	12,000	0	0	85	10,200	0	0
New South Wales 3½-per-cent. stock	20,150	0	0	..	..	..	20,150	0	0	..	..	..	20,150	0	0	97	19,545	10	0
Queensland 3-per-cent. stock ..	7,500	0	0	..	..	..	7,500	0	0	..	..	..	7,500	0	0	83½	6,262	10	0
Queensland 3½-per-cent. stock ..	12,000	0	0	8,000	0	0	20,000	0	0	..	..	..	20,000	0	0	95½	19,120	0	0
New Zealand 3-per-cent. stock ..	1,000	0	0	..	..	..	1,000	0	0	..	..	..	1,000	0	0	85	850	0	0
New Zealand 3½-per-cent. stock ..	13,180	0	0	5,000	0	0	18,180	0	0	..	..	..	18,180	0	0	96½	17,543	14	0
New Zealand 4-per-cent. debenture stock	14,000	0	0	..	..	..	14,000	0	0	..	..	..	14,000	0	0	100	14,000	0	0
Bank of New Zealand 4-per-cent. guaranteed stock	1,500	0	0	..	..	..	1,500	0	0	..	..	..	1,500	0	0	100	1,500	0	0
Canada 3-per-cent. stock ..	20,000	0	0	..	..	..	20,000	0	0	..	..	..	20,000	0	0	90½	18,100	0	0
Canada 3½-per-cent. stock ..	34,400	0	0	..	..	..	34,400	0	0	..	..	..	34,400	0	0	97	33,368	0	0
Canada 4-per-cent. debenture bonds	9,000	0	0	..	..	..	9,000	0	0	..	..	..	9,000	0	0	101	9,090	0	0
Canadian Northern Railway 3-per-cent. first-mortgage de- benture stock (guaranteed by the Canadian Government)	6,000	0	0	5,000	0	0	11,000	0	0	..	..	..	11,000	0	0	82½	9,075	0	0
Grand Trunk Pacific Railway 3-per-cent. first-mortgage sterling bonds (guaranteed by the Canadian Government)	8,000	0	0	5,000	0	0	13,000	0	0	..	..	..	13,000	0	0	81	10,530	0	0
Metropolitan Water Board 3-per-cent. "B" stock	4,000	0	0	..	..	..	4,000	0	0	..	..	..	4,000	0	0	82½	3,300	0	0
Local loans 3-per-cent. stock	14,000	0	0	..	..	..	14,000	0	0	..	..	..	14,000	0	0	88½	12,425	0	0
Guaranteed 2½-per-cent. stock ..	1,100	0	0	..	..	..	1,100	0	0	..	..	..	1,100	0	0	78½	860	15	0
India 3-per-cent. stock ..	12,000	0	0	..	..	..	12,000	0	0	..	..	..	12,000	0	0	80	9,600	0	0
India 3½-per-cent. stock ..	8,000	0	0	..	..	..	8,000	0	0	..	..	..	8,000	0	0	94	7,520	0	0
South Australia 4-per-cent. stock	16,000	0	0	..	..	..	16,000	0	0	..	..	..	16,000	0	0	100	16,000	0	0
Straits Settlements 3½-per-cent. stock	7,200	0	0	5,000	0	0	12,200	0	0	..	..	..	12,200	0	0	96½	11,773	0	0
	259,280	0	0	32,000	0	0	291,280	0	0	..	..	..	291,280	0	0	..	286,289	14	0

H. W. PRIMROSE, Chairman.

Examined and found correct.—G. H. HUNT, Auditor.

Pacific Cable Board, 16th July, 1912.

WEEK-END CABLE-LETTER SERVICE.

No. 2.

The HIGH COMMISSIONER to the Right Hon. the PRIME MINISTER.

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

2nd February, 1912.

SIR,—

I have the honour to enclose, for your information, copy of a letter received by the Pacific Cable Board from Mr. J. Milward, the Manager in the Pacific, enclosing extract from the *Telegraph and Telephone Age*, of New York, of the 16th September last, with regard to the daily cable-letter and the week-end cable-letter.

The Board will endeavour to arrange for a "week-end cable" to New Zealand and Australia, and further inquiry is being made. The present service extends only to Canada and the United States of America, and I consider that New Zealand should have similar advantages.

I have, &c.,

WM. HALL-JONES.

The Right Hon. the Prime Minister, Wellington, New Zealand.

[P.C. Press 12/10.]

Enclosure 1 in No. 2.

The MANAGER IN THE PACIFIC, Pacific Cable Board, Sydney, to the LONDON MANAGER AND SECRETARY, Pacific Cable Board, London.

SIR,—

Dixson's Buildings, 64 Pitt Street, Sydney, 29th November, 1911.

The attached cutting is taken from the *Telegraph and Telephone Age*, New York, of the 16th September, and is part of a statement issued by Mr. Theo. N. Vail, president of the Western Union Telegraph Company, in regard to the transatlantic cable situation. It has probably already been brought to the notice of the Board. My object in referring to it now is to ask whether it is considered probable arrangements can be made to give the public of Australasia the benefits of the foreshadowed week-end cable-letter rate across the Atlantic.

There is, I think, little doubt that such a facility would be made considerable use of between Australasia and England, and a material addition to our revenue might result from utilizing the idle hours of our cable from Saturday afternoon to Monday morning at even a very cheap rate of, say, 3d. per word, as the Board's proportion of the total charge for plain-language messages.

I am, &c.,

J. MILWARD,

Manager in the Pacific.

The London Manager and Secretary, Pacific Cable Board, London.

Enclosure 2 in No. 2.

NEWS EXTRACT.

[*Telegraph and Telephone Age*, New York, 16th September, 1911.]

So soon as the proposed arrangement goes into effect, the Western Union purposes, with the consent of the British Post Office Department, to introduce at least two new features or services in addition to the proposed deferred rate—the daily cable-letter and the week-end cable-letter—at a very low rate for cable service only. This will enable the public to save the six to eight days consumed in the transatlantic passage of mails.

No. 3.

The HIGH COMMISSIONER to the Right Hon. the PRIME MINISTER.

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

8th March, 1912.

SIR,—

I have the honour to enclose copy of a letter I have received from the Chairman of the Pacific Cable Board with regard to the question of extending to the Pacific Cable system the scheme for week-end cable-letters, which has recently been introduced on the Atlantic system between this country and Canada and the United States of America.

It will be seen that, before formulating a definite proposal on the subject, the Board desires to know the terms on which the Government of the Dominion would be willing to co-operate, and I shall accordingly be obliged if you will, so soon as the enclosed letter has received your consideration, cable

to me the Government's decision upon the questions asked therein, which are numbered 1, 2, and 3 hereunder. If you reply under these numbers, your message can be brief.

- (1.) Would the Government be willing to convey cable-letters free by post between the cable-station and the place of destination ?
- (2.) Would the Government be willing to forgo all terminal charges on cable-letters ; and, if not, what is the lowest charge per group that it could accept ?
- (3.) In the event of the Governments being willing to forgo terminal charges, would the Government be willing to accept the ordinary inland rate on cable-letters deliverable by telegraph ?

(1.) I think postage should be paid. (2.) Recommended. (3.) Recommended.

I have, &c.,

WM. HALL-JONES.

The Right Hon. the Prime Minister, Wellington, New Zealand.

[P.C. Press 12/17.]

Enclosure in No. 3.

The CHAIRMAN, Pacific Cable Board, London, to the HIGH COMMISSIONER.

The Pacific Cable Board, Queen Anne's Chambers, S.W.,

6th March, 1912.

SIR,—

As you are aware, the Pacific Cable Board has had under consideration the question of extending to its system the scheme for week-end cable-letters which has recently been introduced on the Atlantic system between this country and Canada and the United States of America. But before formulating a definite proposal on the subject it is necessary for the Board to know the terms on which the Governments of Australia and New Zealand would be willing to co-operate, and I have accordingly to request that you will ascertain this from your Government for the information of the Board.

The scheme was described in the Financial Supplement of the *Times* of the 8th December, 1911, and its main features may be recapitulated as follows :—

(a.) Week-end cable-letters are accepted up to midnight on Saturday for delivery on the following Tuesday morning.

(b.) They are forwarded to, and despatched from, the terminal points of the cables by post in franked envelopes, but a sender may have his letter delivered by telegraph on payment of an additional charge equivalent to the internal rate for ordinary telegrams in the country of destination.

(c.) They must be written in plain language, and according to the rules prescribed for messages accepted at half-rates.

(d.) The charge on the letters is at a rate not per word, but per group of five words, or fraction of a group, with a minimum charge of 6s. (the equivalent of six groups). For each subsequent group or fraction of a group the charge is 1s.

It will be seen that, apart from the effects of the minimum charge and of the charge for fractions of a group, the rate allows five words to be sent in a week-end cable-letter at the same price as a single word would cost in an ordinary message.

The extension of this system to the Pacific would no doubt be a comparatively simple matter, if it were possible to adopt without modification the basis of giving in effect five words in a cable-letter for the price of one in an ordinary message. But there are reasons which lead the Board to think that an experiment on those lines would be too hazardous in its financial effect to allow of its adoption. In the first place, the greater difference of longitude between the United Kingdom and Australasia, as compared with that between the United Kingdom and America, sensibly reduces the period of relative inactivity of the Pacific cable during the week-end ; and, secondly, the longer time that letters take in transmission would so largely increase the inducement to substitute cable-letters for ordinary mail-letters that if too low a rate were charged the amount of the cable-letter traffic might quite possibly exceed the capacity of the cable during the week-end interval of comparative idleness.

For these reasons the Board is of opinion that it would not be safe to adopt the rate of five words for one, unless the Pacific cable were to be credited with the whole, or all but the whole, of the rate over and above the amount to be paid out to the Atlantic companies.

Accordingly, what I would ask you to ascertain from your Government is, what are the most favourable terms on which it would be prepared to handle week-end cable traffic, and to assist you in so doing I will indicate the specific questions which I think might be submitted to your Government.

Two alternative facilities might be offered to the public : (a) Week-end cable-letters that should be transmitted by post within the United Kingdom and within the Commonwealth and the Dominion, and by telegraph for the whole distance between the United Kingdom and Australasia ; (b) letters that should be transmitted by telegraph between Australasia and Montreal only, and by post between the United Kingdom and Montreal and within the Australasian dominions.

So far as the Australasian Government are concerned, the two alternatives present the same features, although for the public the charge for letters in class (b) would be 1s. per group less than for those in class (a). Therefore the following questions apply equally to both schemes :—

- (1.) Would your Government be willing to convey cable-letters free by post between the cable-station and the place of destination ?
- (2.) Would it be willing to forgo all terminal charges on cable-letters ; and, if not, what is the lowest charge per group that it could accept ?
- (3.) In the event of the Governments being willing to forgo terminal charges, would it be willing to accept the ordinary inland rate on cable-letters deliverable by telegraph ?

If furnished with answers on these several points, the Board would be in a position to determine the rates that should be chargeable to the public in the event of the adoption of the week-end cable-letter scheme.

I should add that on the Atlantic there is in operation a scheme of day cable-letters also, at somewhat higher rates. But the Board do not consider that the unutilized capacity of the Pacific cable is sufficient to allow them to contemplate the possibility of extending it to their system.

I have, &c.,

H. W. PRIMROSE, Chairman.

The Hon. Sir Wm. Hall-Jones, K.C.M.G., High Commissioner for New Zealand, London.

No. 4.

The HIGH COMMISSIONER to the Right Hon. the PRIME MINISTER.

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

21st March, 1912.

SIR,—

In continuation of my letter of the 8th instant, I have the honour to enclose herein copy of memorandum by the London Manager and Secretary of the Pacific Cable Board on the subject of the proposal to establish a week-end cable-letter service.

I have, &c.,

WM. HALL-JONES.

The Right Hon. the Prime Minister, Wellington, New Zealand.

[P.C. Press 12/22.]

Enclosure in No. 4.

The LONDON MANAGER AND SECRETARY, Pacific Cable Board, London, to the HIGH COMMISSIONER.

The Pacific Cable Board, Queen Anne's Chambers, London S.W..

21st February, 1912.

Memorandum on Proposal to establish a Week-end Cable-letter Service.

It is necessary when considering the question of the advisability of introducing the week-end cable-letter scheme on the Board's system to remember that, supposing the traffic ever assumed great proportions, the difference of time between the United Kingdom, the Pacific coast of America, and Australasia would tend to make it more difficult to cope with this traffic on the Board's than will be the case on the Atlantic cables. If the outward week-end traffic begins at 6 p.m. (Greenwich time) on Saturday on the Atlantic there is a clear forty-two hours during which very little other outward or homeward traffic is passing. In the case of our cables, week-end traffic sent at 6 p.m. from London would reach Vancouver just when Saturday's ordinary American outward traffic was beginning to be sent. In this respect we should have seven hours less time in which to deal with this work. Then, with regard to homeward traffic, at the present time all traffic from Australasia on Monday morning can be cleared by working simplex before any outward traffic is expected. If outward week-end messages were still occupying the lines at midnight on Sunday in Vancouver we should require full duplex staff, and we should incidentally delay, to some extent, the homeward ordinary traffic.

Owing to the much greater saving of time (as compared with the post) that will be effected by week-end cable-letters between Australasia and Europe than will be the case in regard to Anglo-American cable-letter business (the saving in one case being four weeks and the other four days), there is little doubt that the Board will have to take a more serious risk; and it must also be remembered that if the Board's share of the tolls were double that of the Atlantic companies, the Board's revenue per knot of cable would still be only about half of the earnings per knot of the Atlantic cables, and the encroachment of the cheaper on the more valuable traffic would therefore be a more serious matter for the Board than for the Atlantic companies.

In drawing attention to these points I have no wish to suggest that the Board should refuse to offer a special week-end rate, but I am anxious to warn the Board against adopting a very low rate in the first place. The Atlantic companies receive 1s. a word for ordinary Montreal traffic, and charge 1s. for five words of this new traffic. The Board receives an average of over 1s. 11d. a word on ordinary Australian traffic (including land-line tolls), and I would suggest that the lowest charge the Board make for this new traffic should be 2s. for five words—additional to the Atlantic charge of 1s., but inclusive of a terminal rate of 3d. for the Commonwealth or 2d. for the New Zealand Government. If the Australasian Governments were willing to make no terminal charge the public rate might be proportionately reduced.

It will be noted that it is proposed that delivery of these messages by the Atlantic service shall be by post from the cable companies' offices, unless special land-line charges are paid by the senders, and therefore if the Board adopted the same principle and it was decided to fix the charges at exactly 3s. for five words, the Australasian Governments would only be asked to forgo terminal charges on traffic which they did not handle.

For week-end cable-letters carried by wire between Montreal and Australasia and by post between Montreal and Europe the charge might be 2s. for five words, out of which the terminal charges to Australia and New Zealand might be 3d. and 2d. respectively, and we would bear the cost of postage between Montreal and Europe.

A. S. BAXENDALE,

The High Commissioner for New Zealand, London.

London Manager and Secretary.

No. 5.

The Hon. the PRIME MINISTER to the HIGH COMMISSIONER.

(Telegram.)

Wellington, 24th April, 1912.

YOUR letter eighth ultimo week-end cable-letters : One. No : two and three, Yes.
[P.C. Press 12/20.]

No. 6.

The HIGH COMMISSIONER to the Hon. the PRIME MINISTER.

SIR. Westminster Chambers, 13 Victoria Street, London S.W., 1st May, 1912.

I have the honour to acknowledge the receipt, on the 24th ultimo, of your cablegram in reply to my letter of the 8th March last.

I have accordingly communicated in a letter, of which a copy is enclosed, your replies to the questions contained in the Pacific Cable Board letter of the 6th March, of which I sent you a copy.

I have, &c.,

The Hon. the Prime Minister, Wellington, New Zealand
[P.C. Rates 12/272.]

WM. HALL-JONES.

Enclosure in No. 6.

The HIGH COMMISSIONER to the CHAIRMAN, Pacific Cable Board, London.

SIR. 13 Victoria Street, London S.W., 24th April, 1912.

Referring to your letter of the 6th ultimo, with regard to the question of extending to the Pacific-cable system the scheme for week-end cable-letters, I have the honour to inform you that, having forwarded a copy of that letter to the New Zealand Government, as promised, I have now received their reply by cable to the three definite questions you ask on page 4 of your letter. The questions and the answers are as follows :

- (1.) Would your Government be willing to convey cable-letters free by post between the cable-station and the place of destination ? *Answer* : No.
- (2.) Would it be willing to forgo all terminal charges on cable-letters ; and, if not, what is the lowest charge per group that it could accept ? *Answer* : Yes.
- (3.) In the event of the Government being willing to forgo terminal charges, would it be willing to accept the ordinary inland rate on cable-letters deliverable by telegraph ?
Answer : Yes.

I have, &c.,

WM. HALL-JONES

The Chairman, Pacific Cable Board, Queen Anne's Chambers, London S.W.

No. 7.

The Hon. the PRIME MINISTER to the HIGH COMMISSIONER.

SIR.-

Prime Minister's Office, Wellington, 11th June, 1912.

I have the honour to acknowledge the receipt of the Hon. Sir Wm. Hall-Jones's letter of the 21st March last, forwarding a copy of a memorandum by the London Manager and Secretary of the Pacific Cable Board on the subject of a proposal to establish a week-end cable-letter service.

The difficulty in regard to messages for New Zealand reaching Vancouver at a busy period on Saturday could be overcome by the holding of these messages there until the busy period is over, as the messages are not due to be delivered in New Zealand before Tuesday. Homewards, it might be arranged that messages be accepted in New Zealand on Saturday after 1 p.m. instead of after 6 p.m. This might obviate any block such as is anticipated at Vancouver. Certainly, ordinary traffic should not be in any case delayed on account of week-end letters.

It is considered that the proposal to post the letters from the cable-station is not one that would recommend itself to the cabling public. The suggestion made by this Dominion that the messages should be telegraphed to their office of destination at the ordinary inland rate of $\frac{1}{2}$ d. per word is much the better plan. If this is adopted New Zealand will be forgoing one-half of its tariff on international cable messages. This would make the cable-letter rate between the United Kingdom and New Zealand 3s. 2 $\frac{1}{2}$ d. for five words, as against the present rate of 3s. per word for ordinary messages, and 1s. per word for deferred messages.

I have, &c.,

H. G. ELL.

The High Commissioner for New Zealand, London.
[P.C. Rates 12/270.]

For the Prime Minister.

No. 8.

The ACTING HIGH COMMISSIONER to the Hon. the PRIME MINISTER.

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

19th July, 1912.

SIR.—

In continuation of my letter of the 1st May last, I have the honour to enclose herein copy of letter which the Chairman of the Board has received from the Official Secretary in Great Britain of the Commonwealth of Australia, covering copy of cablegram from the Commonwealth Government on the subject of week-end cable-letters.

It will be seen that this matter was dealt with at the meeting of the Board on the 16th instant. Copy of minutes [not printed] of this meeting is being sent to you by this mail.

I have, &c.,

C. F. W. PALLISER.

The Hon. the Prime Minister, Wellington, New Zealand.

[P.C. Rates 12/225.]

Enclosure in No. 8.

OFFICIAL SECRETARY IN GREAT BRITAIN OF THE COMMONWEALTH OF AUSTRALIA, London, to the CHAIRMAN, Pacific Cable Board, London.

SIR.—

Commonwealth Offices, 72 Victoria Street, London S.W., 10th July, 1912.

With reference to your letter of the 8th instant [not printed] relative to week-end cable-letters, I forward herewith copy of a reply which has just been received from the Commonwealth Government.

I have, &c.,

R. MUIRHEAD COLLINS.

P.S.— A copy of the cable has been sent to the Postmaster-General.

The Right Hon. Sir Henry Primrose, K.C.B., Pacific Cable Board, London.

Sub-enclosure in No. 8.

The COMMONWEALTH GOVERNMENT to the HIGH COMMISSIONER FOR THE COMMONWEALTH, London.

(Telegram.)

Melbourne, 10th July, 1912.

WITH reference to your telegram of the 8th July [not printed], cable-letters, following is substance of letter sent :— 19th June : Commonwealth prepared deliver cable-letters free by post, subject to proper precautions to protect revenue ; also prepared reduce its terminal charge in same proportion as cable charge reduced, provided Commonwealth rate be not less than $\frac{3}{4}$ d. per word. Commonwealth willing to accept ordinary inland rate on cable-letters deliverable in Commonwealth by telegraph.

No. 9.

The ACTING HIGH COMMISSIONER to the Hon. the PRIME MINISTER, WELLINGTON.

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

(Memorandum.)

2nd August, 1912.

I HAVE the honour to acknowledge the receipt of your letter of the 11th June last, with regard to the proposal to establish a week-end cable-letter service. I duly communicated your views to the Chairman of the Pacific Cable Board, and herewith I enclose a copy of his reply thereto.

C. F. W. PALLISER.

The Hon. the Prime Minister, Wellington.

[P.C. Rates 12/281.]

Enclosure in No. 9.

The CHAIRMAN, Pacific Cable Board, London, to the HIGH COMMISSIONER.

SIR,—

Queen Anne's Chambers, London S.W., 1st August, 1912.

I have laid before the Pacific Cable Board your letter of the 29th instant [not printed], forwarding copy of one from the Prime Minister's Office under date 11th June, 1912, on the subject of the proposal to introduce on the Board's system the scheme of week-end cable-letters, as now established on the transatlantic lines controlled by the Western Union Telegraph Company ; and, with regard to the opinion expressed on behalf of the New Zealand Government that "the proposal to post the letters from the cable-station is not one that would commend itself to the cabling public." I have to state that the plan of delivery by post, except when the sender specially desires delivery by telegram, and is willing to pay the extra charge entailed, is, as the Board understand, regarded by the authors of the arrangement as a material condition of the scheme, aimed at reducing to the lowest limit practicable the *minimum* charge for messages of the new class. It seems to my Board that this is a most desirable object ; and, as senders of such messages will always have the option of delivery by telegram on paying the inland telegraph charge, it does not appear that serious objection to it could be sustained. Apart from this, it is extremely important that for any special class of messages the conditions should be identical for all countries : any attempt to vary the conditions would almost certainly lead to complication and difficulty, besides being inconsistent with the general principles recognized by the International Telegraph Convention.

My Board entirely agree with the Prime Minister that "ordinary traffic should not be in any case delayed on account of week-end letters." but they do not quite follow the suggestions in his letter as regards arrangements for obviating a possible block of traffic at Vancouver. They may, however, observe that for the reasons given above they would deprecate any variation of hours during which week-end cable-letters may be sent as between the several countries served by the Pacific Cable Board.

I am, &c.,

H. W. PRIMROSE, Chairman.

The High Commissioner for New Zealand, 13 Victoria Street, London S.W.

No. 10.

The Hon. the PRIME MINISTER to the HIGH COMMISSIONER.

SIR,—

Prime Minister's Office, Wellington, 21st September, 1912.

I have the honour to acknowledge the receipt of Mr. Palliser's memorandum of the 2nd ultimo, covering copy of a letter from Sir Henry Primrose, Chairman of the Pacific Cable Board, on the subject of week-end cable-letters.

In reply, I beg to inform you that the Postmaster-General has no particular objection to week-end cable-letters being posted at the cable-stations if senders so desire; but, as New Zealand is not asking for any terminal charge, the postage of 1d. would require to be paid. It must, however, be pointed out that under present conditions the posting of cable-letters would be most unsatisfactory, as both of our cable-stations are in more or less isolated places which are comparatively infrequently served by post. This will, however, disappear when the Pacific-cable station is removed to Auckland in the course of a few months.

Sir Henry Primrose states that the Board did not quite follow the suggestions made in the Prime Minister's letter of the 5th June last about arrangements for obviating a possible block of traffic at Vancouver. The suggestion was made on Mr. Baxendale's memorandum to the Board of the 21st February last. As, however, the Board would deprecate any variation of hours, the point need not be further considered.

I have, &c.,

R. HEATON RHODES,

For the Prime Minister.

The Hon. Thomas Mackenzie, High Commissioner for New Zealand, London.

[P.C. Rates 12/282.]

No. 11.

The SECRETARY, General Post Office, Wellington, to the MANAGER IN THE PACIFIC, Pacific Cable Board, Sydney.

(Telegram.)

Wellington, 11th December, 1912.

EASTERN Company advises commencement of week-end letters as from first January. When are you likely to advise that Pacific is taking the same action?

[P.C. Rates 13/56.]

No. 12.

The MANAGER IN THE PACIFIC, Pacific Cable Board, Sydney, to the SECRETARY, General Post Office, Wellington.

(Telegram.)

Sydney, 11th December, 1912.

Re week-end letters: Received instructions from Board on Saturday last to submit scheme to Dominion and Commonwealth Governments for consent to introduce on receipt fortnight's notice of date proposed for bringing into operation—probably first January, but details so incomplete was forced telegraph for more particulars. Reply not yet to hand. When received, will communicate. Have details been arranged with Eastern, please?

[P.C. Rates 13/56.]

No. 13.

The MANAGER IN AUSTRALASIA, Eastern Extension Company, Adelaide, to the SECRETARY, General Post Office, Wellington.

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

SIR,—

Adelaide, 12th December, 1912.

Confirming my service message of the 9th instant [not printed], I have the honour to inform you that the conditions for the acceptance of week-end telegrams, as arranged with the British Post Office, will apply to "via Eastern" traffic between the United Kingdom and Australia and New Zealand as from the 1st January next.

I have received the following information on the subject from my head office by wire, and would be obliged if you would kindly confirm the arrangement as affecting the traffic on this side:—

(1.) On and after the 1st January, 1913, there will be established between the United Kingdom and Australia and New Zealand a new service of cable messages, which will be known as week-end cable-letters.

(2.) These messages must be written in plain language, and will be subject to the same rules as are applicable to deferred ordinary messages. (Eastern propose to insert "English," and to add "except that if messages are posted, they cannot be sent to code-indicators, but must be fully addressed.")

(3.) They must be received at a cable-office of the company not later than midnight on Saturday.

(4.) They may be handed in at any such cable-office or at any post-office. In the latter case the messages will be forwarded to the Cable Company by post in official envelopes, postage free, and they must therefore be handed in in time to allow of their reaching the company by the hour prescribed.

(5.) But, if the sender so desires, the Post Office will forward them to the Cable Company by telegraph, provided the sender pays the inland telegraph rate in addition to the charges named below.

(6.) The messages will be despatched at the convenience of the Cable Company between midnight on Saturday and Monday morning, other traffic being given preference.

(7.) Delivery in the country of destination will not be made until the hour on Monday evening for the outgoing of general night mails in that country; messages for places beyond the terminus of the cable being forwarded by such mails.

(8.) But, where the sender so desires, delivery will be made at that hour by telegraph if, in addition to any other charges, the sender pays the inland rate for telegrams in the country of destination, viz.: For delivery of messages in United Kingdom, $\frac{1}{2}$ d. per word; for delivery of messages in Australia, 1d. per word; for delivery of messages in New Zealand, $\frac{1}{2}$ d. per word. (Eastern inquiring, as some doubt exists, whether Australia will require 2d. or 1d. only on telegrams telegraphed from cable-stations.)

(9.) The cable rate of charge will be 9d. per word, subject to a minimum charge of 18s. per message.

I have, &c.,

L. WEBSTER,

Manager in Australasia.

The Secretary, General Post Office, Wellington.

[P.C. Rates 13/65-6.]

No. 14.

The MANAGER IN THE PACIFIC, Pacific Cable Board, Sydney, to the SECRETARY, General Post Office, Wellington.

(Telegram.)

Sydney, 14th December, 1912.

I AM directed by my Board to submit following details of scheme for week-end cablegrams, and learn your Administration's consent to its adoption.

Following are details of the contemplated week-end cablegrams, week-end letters:—

1. On and after first January, 1913, there will be established between United Kingdom and Australia and New Zealand a new service of cable messages which will be known as "week-end cable-letters."

2. These messages must be written in plain language, will be subject to same rule as applicable to deferred ordinary messages.

Except that if messages are posted, they cannot be sent to code-indicators, but must be fully addressed.

Distinguishing-indicator (counted as one chargeable word) is under consideration, and will be communicated later.

3. They must be received at a cable-office not later than midnight on Saturday.

4. They may be handed in at the Board's Sydney office or at any post-office in Australia and New Zealand. In the latter case the messages will be forwarded to the cable-office by post in official envelopes, and they must therefore be handed in in time to allow of their reaching the Board's office by the hour prescribed.

5. But, if the sender so desires, the Post Office will forward them to the Pacific Cable Board by telegraph, provided the sender pays the inland telegraph rate in addition to the charges named below.

6. The message will be despatched at the convenience of the Pacific Cable Board between midnight on Saturday and Monday morning, other traffic being given preference.

7. * Delivery in the country of destination will not be made until the hour on Monday evening for the outgoing of general night mails in that country, messages for places beyond the terminus of the cable being forwarded by such mails.

8. But where the senders so desire, delivery will be made at the hour by telegraph if, in addition to any other charges, the sender pays the inland rate for telegrams in that country of destination, viz.: For delivery of messages in Australia, one penny per word; for delivery of messages in United Kingdom, halfpenny per word; for delivery of messages in New Zealand, halfpenny per word.

9. The cable rate of charge will be ninepence per word, subject to a minimum charge of eighteen shillings per message; the rates to be divisible as follows:—

For minimum of eighteen shillings: Australian traffic—Atlantic companies, four shillings and sixpence; Pacific Cable Board, eleven shillings and sixpence; Commonwealth, two shillings. New Zealand traffic—Atlantic companies, four shillings and sixpence; Pacific Cable Board, thirteen shillings and sixpence; New Zealand, nil.

Division for each extra word: Australian traffic—Atlantic companies, twopence halfpenny; Pacific Cable Board, fivepence halfpenny; Commonwealth, one penny. New Zealand traffic—Atlantic companies, twopence halfpenny; Pacific Cable Board, sixpence halfpenny; New Zealand, nil.

On messages posted to or from cable-offices in Australia Commonwealth gives free postage. On messages posted to or from cable-office in New Zealand postage must be paid. In the direction to cable-offices, it must be collected from the senders; in the direction from cable-offices, by Pacific Cable Board.

Cable-offices for via Pacific week-end telegrams to be defined as "Sydney" and "Southport" in Australia; "Auckland" in New Zealand.

[P.C. Rates 13/57-9.]

* Paragraph (7) revised to read as follows: "No message will be delivered before eight a.m. on Tuesday, but messages that are to be forwarded by post to distant destinations will be posted as soon after receipt at a cable-station as may be consistent with their not being delivered before that time."

No. 15.

The **MANAGER IN THE PACIFIC**, Pacific Cable Board, Sydney, to the **SECRETARY**, General Post Office, Wellington.

SIR,— Dixon's Buildings, 64 Pitt Street, Sydney, 14th December, 1912.

In confirmation of my telegram of to-day's date, I beg to inform you that I am directed by the Pacific Cable Board to submit for your approval and favour of urgent reply as to whether they will be adopted by your Government the attached memorandum of details [see No. 14] concerning the introduction of a scheme for week-end telegrams between Australasia and the United Kingdom.

I understand communications have already been exchanged between your Government and my Board, in which the general principles of the scheme and the division of rates have been agreed to.

You will observe from the memorandum that the date proposed for the introduction of the scheme is the 1st January next, and in order that the particulars may be communicated to the public well in advance of that date, I should esteem it a favour if you would kindly signify to me your consent to its adoption by telegraph as soon as possible.

I have, &c.,

J. MILWARD,

Manager in the Pacific.

The Secretary, General Post Office, Wellington.

[P.C. Rates 13/71.]

No. 16.

The **SECRETARY**, General Post Office, Wellington, to the **MANAGER IN THE PACIFIC**, Pacific Cable Board, Sydney.

(Telegram.)

Wellington, 19th December, 1912.

WEEK-END cable messages: Conditions agreed to.

[P.C. Rates 13/64.]

No. 17.

The **SECRETARY**, General Post Office, Wellington, to the **MANAGER IN AUSTRALASIA**, Eastern Extension Company, Adelaide.

(Telegram.)

Wellington, 19th December, 1912.

WEEK-END cable messages: Conditions agreed to, except that on messages posted to or from cable-offices in New Zealand postage must be paid. In the direction from cable-offices, it must be collected by originating office: in the direction to cable-offices, from the sender.

[P.C. Rates 13/64.]

No. 18.

The **MANAGER IN THE PACIFIC**, Pacific Cable Board, Sydney, to the **SECRETARY**, General Post Office, Wellington.

SIR,— Dixon's Buildings, 64 Pitt Street, Sydney, 21st December, 1912.

Referring to my communication, I have the honour to forward herewith copy of the revised conditions [see No. 14] determined upon for week-end letters.

The detail of official prefixes for determining the classification of these cablegrams and the differing treatment desired to be made at the terminal cable-office has not yet been decided upon.

I have, &c.,

J. MILWARD,

Manager in the Pacific.

The Secretary, General Post Office, Wellington.

[P.C. Rates 13/81.]

No. 19.

The **SECRETARY**, General Post Office, Wellington, to the **MANAGER IN THE PACIFIC**, Pacific Cable Board, Sydney.

(Telegram.)

Wellington, 30th December, 1912.

WEEK-END cable-letters: Officers have been instructed accept as from 1st proximo. Please advise definitely whether introduction to be postponed. It is not clear why New Zealand should wait Australia's acceptance.

[P.C. Rates 13/82.]

No. 20.

The **MANAGER IN THE PACIFIC**, Pacific Cable Board (at Auckland), to the **SECRETARY**, General Post Office, Wellington.

(Telegram.)

Auckland, 30th December, 1912.

RE week-end letters: see no reason why introduction to and from New Zealand should be delayed. Am telegraphing London to-day informing Board that, unless otherwise instructed, will be introduced New Zealand 1st January. Am also asking what prefix or official instructions have been decided on to identify rate at which messages have been accepted, and also to distinguish those to be delivered by post from those to be telegraphed to destination.

[P.C. Rates 13/83.]

No. 21.

The MANAGER IN AUSTRALASIA, Eastern Extension Company, Adelaide, to the SECRETARY, General Post Office, Wellington.

(Telegram.)

Adelaide, 31st December, 1912.

IN continuation of my service tenth instant [not printed] Head Office wires: following are revised conditions agreed with Pacific Board and agreed by Post Office. Read our service [see No. 13] as follows:—One: four and five stand. Two: these messages must be written in plain language and will be subject to the same rules as are applicable to deferred ordinary messages except that messages are to be posted. They cannot be sent to code-indicators, but must be fully addressed. Read three as follows: they must be received at a cable-office of the Eastern Telegraph Company or Western Union Telegraph Company or of one of the companies in alliance with the Western Union Company not later than midnight on a Saturday. Note.—Circulars issued by Pacific Cable Board will have Western Union before Eastern. In six, read “convenience of the cable companies and of the Pacific Cable Board.” The above is wording issued here in Australasia, Western Union, &c.: in three, will be replaced by “Pacific Cable Board.” Seven: no messages will be delivered before eight on Tuesday, but messages that are to be forwarded by post to distant destinations will be posted as soon after receipt at a cable-station as may be consistent with their not being delivered before that time. Eight: if the sender so desires, delivery will be made by telegraph, but in this case, in addition to other charges the sender must pay the inland telegraph rates in the country of destination—viz., for delivery of messages in United Kingdom, $\frac{1}{2}$ d. per word; for delivery of messages in Australia, 1d. per word; for delivery of messages in New Zealand, $\frac{1}{2}$ d. per word. Messages telegraphed to destination under this regulation will be forwarded from the terminal cable-station so as to arrive on Tuesday morning. Messages on which this additional charge is not paid will be delivered by the cable-office within its own area or forwarded by post if addressed to places outside that area. Nine: the rate of charge between cable-offices in Great Britain and Australasia when delivered by the cable-office or posted will be 9d. per word, subject to a minimum charge of 18s. per message. Following are prefixes for week-end messages agreed with Pacific Board and Post Office: TW for messages collected and delivered by companies; PWP for messages handed in at Government offices, posted to companies' offices to be posted or delivered by company; PWT for messages handed in at Government offices, posted to companies' offices to be telegraphed by company to destination; TWP for messages handed in at Government offices, telegraphed to companies' offices to be posted or delivered by company; TWT for messages handed in at Government offices, telegraphed to companies' offices to be telegraphed by company to destination.

[P.C. Rates 13/82.]

No. 22.

The SECRETARY, General Post Office, Wellington, to the MANAGER IN THE PACIFIC, Pacific Cable Board (at Auckland).

(Telegram.)

Wellington, 31st December, 1912.

EASTERN Extension have supplied following prefixes for week-end messages, state agreed with Pacific Board and Post Office: TW for messages collected and delivered by company; PWP for messages handed in at Government offices, posted to companies' offices to be posted or delivered by company; PWT for messages handed in at Government offices, posted to companies' offices to be telegraphed by company to destination; TWP for messages handed in at Government offices, telegraphed to companies' offices to be posted or delivered by company; TWT for messages handed in at Government offices, telegraphed to companies' offices to be telegraphed by company to destination. Do you agree, and can service commence from to-morrow?

[P.C. Rates 13/85.]

No. 23.

The MANAGER IN THE PACIFIC, Pacific Cable Board (at Auckland), to the SECRETARY, General Post Office, Wellington.

(Telegram.)

Auckland, 31st December, 1912.

PREFIXES for week-end letters as supplied you by Eastern Extension Company are correct. Understand similar message [not printed] sent you yesterday by Superintendent, Doubtless Bay. Service can commence to-morrow.

[P.C. Rates 13/83.]

No. 24.

The MANAGER IN THE PACIFIC, Pacific Cable Board (at Auckland), to the SECRETARY, General Post Office, Wellington.

(Telegram.)

Auckland, 31st December, 1912.

WEEK-END telegrams will come into force on 1st January. Prefixes mentioned in my message yesterday have now been communicated to you. Glad report everything has worked satisfactory to-day. New cables have done excellent work, but full benefit of reduction delay between Australia and New Zealand will not be felt until your Telegraph Department shifted to new building.

[P.C. Rates 13/83.]

REDUCTION IN CABLE RATES.

No. 25.

The SECRETARY, General Post Office, Wellington, to the MANAGER IN THE PACIFIC, Pacific Cable Board, Sydney.

SIR,—

General Post Office, Wellington, 7th May, 1912.

I have the honour to inform you that the Hon. Mr. Ell, Postmaster-General, has been looking into the question of terminal rates, and is not at all satisfied that the charge for cable messages to and from New Zealand should be the same as to and from Australia, seeing that the Commonwealth Government receives a terminal rate of 5d., while New Zealand receives 1d. only. I am therefore directed to ask that the matter be looked into with a view to determining whether some concession cannot be made to the New Zealand public. I should be obliged if you would favour me with any information you have on the subject.

I have, &c.,

D. ROBERTSON, Secretary.

The Manager in the Pacific, Pacific Cable Board, 64 Pitt Street, Sydney.

[P.C. Rates 12/177.]

No. 26.

The MANAGER IN THE PACIFIC, Pacific Cable Board, Sydney, to the SECRETARY, General Post Office, Wellington.

SIR,—

Dixson's Buildings, 64 Pitt Street, Sydney, 25th May, 1912.

I have the honour to acknowledge receipt of your letter of the 7th instant, concerning the charges for cable messages to and from New Zealand, and asking that the matter be looked into with the view of some concession being made to the New Zealand public in consideration of the fact that the New Zealand Government only receives 1d. per word as terminal rate, against 5d. by the Commonwealth Government.

I regret to say I have no record in this office of the correspondence that took place between your Government and my Board when the rates to and from New Zealand on international messages were decided on: I am therefore forwarding your letter to my Board for their consideration and reply.

I have, &c.,

J. MILWARD.

The Secretary, General Post Office, Wellington.

Manager in the Pacific.

[P.C. Rates 12/179.]

No. 27.

The Hon. the PRIME MINISTER to the HIGH COMMISSIONER.

SIR,—

Prime Minister's Office, Wellington, 7th June, 1912.

I have the honour to request that you will be good enough to place before the Pacific Cable Board that the time has come when the rate on cable messages to and from New Zealand should be reduced so that the New Zealand public will gain the benefit of the low terminal charges in this country.

As you may not have full information at hand, I may explain that when arranging the rates in November, 1902, the Pacific Cable Board fixed the charge to and from Australia at 3s. The Agent-General for New Zealand pressed for a lower rate for New Zealand on account of the low terminal charges. The New Zealand terminal charge is 1d., while the Australian charge is 5d. The Board, fearing, it is understood, a rate war with the Eastern Company, objected and pointed out that New Zealand could raise the terminal charges. This was not agreeable to this country, and a suggestion was made that a rebate of 4d. a word might be allowed by the Board. The Board declined, and suggested pooling the Australasian terminal rates, to which Australia objected. A conference of the partner Governments to discuss, *inter alia*, terminal rates was decided upon, but, owing chiefly to the Canadian elections, the conference was not held until 1905. The conference was of opinion that the Australian terminal rate was excessive, and the Commonwealth Government was requested to consider the question of reduction. In September of the same year New Zealand endeavoured to arrange with Australia the question of pooling the terminal rates. Thereafter the question of the Commonwealth agreement with the Eastern Extension Company assumed such prominence that the question of terminal rates was not proceeded with further.

My Government is now of opinion that, as the terminal rate for New Zealand continues to be 1d., the through rate for cable messages should be 4d. less than that to and from Australia, and I shall be glad if you will use your best endeavours to have a reduction arranged. It does not appear to me that any reasonable argument can be advanced why cable messages to and from New Zealand should be charged at the same rate as messages to and from Australia, seeing not only that the distance is considerably less, but that fewer transmissions are involved.

I have, &c.,

THOS. MACKENZIE, Prime Minister.

The High Commissioner for New Zealand, London.

[Reply not printed.]

[P.C. Rates 12/227.]

Approximate Cost of Paper.—Preparation, not given; printing (1,600 copies) £15