

No. 2.

CHIEF SECRETARY, Victoria, to the Hon. the COLONIAL SECRETARY, Wellington.

SIR,—

Chief Secretary's Office,
Melbourne, Victoria, 23rd December, 1878.

I have the honor to inform you that the terms of the proposed contract for the second submarine cable have now been finally agreed upon between the Representatives of the Australian Colonies and the Directors of the Eastern Extension Telegraph Company, and that they have also been ratified at a general meeting of the shareholders of the latter, held in London a few days since.

Copies of the agreement are enclosed for your information. The contract to be founded thereon will be prepared with all convenient despatch.

Appended is a memorandum showing the proportion in which the subsidy will be chargeable to the various colonies until the next general census is taken, when a redistribution of the amount will be necessary, as arranged at the Conference. It will give you satisfaction to hear that the Postmaster-General of New South Wales has received an intimation that the construction of the new cable has already been commenced. If, therefore, no unforeseen accident should occur to delay its completion, it is likely the cable will be laid, and in full operation, at a much earlier date than that to which its construction is limited by the conditions of the agreement.

It may be considered advisable at a subsequent period that the Governments of the different colonies should agree upon the adoption of some concurrent and uniform method for remitting the subsidy when due, and paying it over to the Company in pursuance of clause 8. This, and some minor matters of detail, will remain to be disposed of; but the business intrusted by the Conference to the Hon. Mr. Burns and myself may be considered to have practically terminated when the agreement was signed.

I cannot conclude without expressing my appreciation of the great services rendered by my able colleague throughout the whole of the proceedings, and it is but due to him to state that, without the patience and determination exhibited by him in overcoming successive difficulties as they arose, the negotiations would not have been brought to so successful a termination.

I have, &c.,

GRAHAM BERRY.

The Hon. the Colonial Secretary, New Zealand.

STATEMENT of the Distribution of the Cable Subsidy between the Australian Colonies, in the proportions of the respective populations, on 31st December, 1876:—

	£	s.	d.
Victoria	11,275	0	0
New South Wales	8,450	0	0
Queensland	2,510	0	0
South Australia	3,028	0	0
Western Australia	367	0	0
Tasmania	1,415	0	0
New Zealand	5,355	0	0
	<u>£32,400</u>	<u>0</u>	<u>0</u>

Enclosure in No. 2.

MEMORANDUM of Agreement between the Governments of New South Wales and Victoria, on behalf of the Australasian Colonies and New Zealand (hereinafter called "the Governments"), on the one part, and the Eastern Extension Australasia and China Telegraph Company, Limited (hereinafter called "the Company"), on the other.

THAT the Company shall, subject to the approval of the shareholders, contract with the Governments for the construction of a second cable from Singapore direct to Banjoewangie, and thence direct to Port Darwin, for an annual subsidy of £32,400, and shall sign the contract and necessary conditions on or before the 1st July, 1879.

2. That such subsidy shall be payable for a period of twenty years, subject to the provisions hereinafter contained.

3. That the Company shall, throughout the whole of the period during which such subsidy shall be payable, maintain in full working order, the act of God or the Queen's enemies excepted, such second cable, and also its present lines of cable between Singapore and Batavia, and Banjoewangie and Port Darwin.

4. That the Company shall, before such subsidy shall become payable, lay a second cable between Singapore and Penang, and thereafter shall, in like manner, maintain the same, the act of God or the Queen's enemies excepted, and its present lines of cable between Singapore and Penang, Penang and Madras, Penang and Rangoon, in full working order.

5. That the Company shall, in consideration of the subsidy herein agreed to be paid, and whilst that subsidy is payable, allow a rebate on Government messages, hereinafter defined, exchanged between England and Port Darwin, reducing their own proportion of the charge to the extent of 50 per cent. upon the present rate; and on press messages exchanged between England and Port Darwin, as hereinafter defined, will reduce their own proportion of the charge to the extent of 75 per cent. upon the present rate: Provided that such reduction shall not be extended to any colony other than such as may contribute towards the subsidy.

6. That the Company shall complete and open for communication the second cables above mentioned, between Singapore and Port Darwin, and Singapore and Penang, within eight months from the date of the signing of the contract: Provided always that the Company shall not be held liable