

1885.
NEW ZEALAND.

TELEGRAPH CABLE SUBSIDY AND CHARGES

(PAPERS RELATIVE TO).

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

No. 1.

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

SIR,— 7, Westminster Chambers, London, S.W., 7th November, 1884.

I transmit to you herewith copy of a letter I have received from Mr. Pender, M.P., Chairman of the Eastern Extension Telegraph Company, on the subject of the cable communication with New Zealand and New South Wales under the agreement of 1875. In accordance with Mr. Pender's suggestion, a meeting will take place between him, Sir Saul Samuel, and myself to discuss the matter with him, in order that you may have before you whatever information may seem capable of assisting you to arrive at a decision.

The Hon. the Postmaster-General, Wellington.

I have, &c.,

F. D. BELL.

Enclosure.

The CHAIRMAN, Eastern Extension Australasia and China Telegraph Company (Limited), to the AGENT-GENERAL for New Zealand.

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

SIR,— 66, Old Broad Street, London, E.C., 3rd November, 1884.

As the subsidy payable to the above company by the Governments of New Zealand and New South Wales, in terms of the agreement dated 24th June, 1875, is terminable in February, 1886, I take this early opportunity of bringing the subject to your notice, in order that sufficient time may be afforded to obtain your Government's views in reference to future working arrangements when the agreement ceases.

The cable between New Zealand and New South Wales has now been open nearly nine years, and, although during that time the traffic transmitted over it has considerably developed, the receipts, including the subsidy, are only sufficient, after paying working expenses, to give a return of $7\frac{1}{2}$ per cent. interest upon the capital invested, without making any provision for the maintenance or renewal of the cable, which our experience proves to be absolutely necessary for the security of our system, and cannot be computed at a lower figure than 5 per cent. Without the subsidy the return is only 5 per cent.

The financial aspect of the question is not, therefore, encouraging; and, under the circumstances, the company would find it difficult to carry on the existing arrangements without the same pecuniary assistance from the colonies interested, or an addition to the tariff to recoup the loss which the cessation of the subsidy would involve.

As, however, the latter plan would lead to inconvenience on the part of the public, and tend to retard the growth of telegraphic communication with New Zealand, the company would much prefer to be recouped by an extension of the existing subsidy for another ten years. This would accord with the principle adopted by the contributing colonies when fixing the duplicate cable subsidy of £32,400 per annum for twenty years, and would conform to the arrangements with other Governments with whom the company has similar relations.

I have therefore to request that you will be good enough to bring the question before your Government, and ascertain their views and wishes in the matter.

Should you think it desirable to see me on the subject before communicating with New Zealand, I should be happy to discuss it with you and the Agent-General for New South Wales, either at these offices or at your own, as may be most convenient.

I have addressed a similar communication to this to Sir Saul Samuel.

I have, &c.,

JOHN PENDER,
Chairman,

Sir F. Dillon Bell, K.C.M.G., Agent-General for New Zealand,

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