

the existing cable for one hundred and fifty thousand pounds, with a guarantee of working for thirty days from the date of its transfer. This is the usual period guaranteed by cable contractors. The cable has been exceedingly fortunate in not having been interrupted since it was opened. Had it called for repairs in the same proportion as the rest of the system the result to the company would have been still more onerous and disappointing than it has been. As already stated, we shall make no alterations in the tariff until 1st July, when the reduction in the general tariff will take effect. Meanwhile, we beg that you will let us know your Government's decision as to whether they are prepared to purchase the cable, or to make any arrangement for renewing the subsidy for a further term.

J. PENDER.

W. Gray, Esq., Wellington, New Zealand.

No. 56.

The Hon. F. B. SUTTOR to the Hon. the POSTMASTER-GENERAL, Wellington.

(Telegram.)

Sydney, 8th May, 1886.

HAVE sent copies of your telegram of twenty-fifth March to Postmaster-General of other colonies named. I question if Conference is desirable, but will be glad to give every consideration to your representation.

The Hon. the Postmaster-General, Wellington.

F. B. SUTTOR.

No. 57.

The Hon. F. T. DERHAM to the Hon. the POSTMASTER-GENERAL, Wellington.

(Telegram.)

Melbourne, 13th May, 1886.

OUR Agent-General has been advised by wire that Victoria will not agree to any extension of cable subsidy, but accepts unconditional reduction of one and fourpence per word, also that the reduction in Press rates to two and eightpence per word, provided contributing colonies agree that the benefit shall be extended to non-contributing colonies, is agreed to by Victoria.

FRED T. DERHAM, Postmaster-General.

The Hon. the Postmaster-General, Wellington.

No. 58.

The Hon. D. GILLIES to the Hon. the PREMIER, Wellington.

(Telegram.)

Melbourne, 21st May, 1886.

THINK it well to inform you of decision of this Government regarding recent proposals by Pender for reduction of cable rates. Following telegram sent to our Agent-General: "Cable rates. Victoria does not agree extension of term, but accepts unconditional reduction one shilling fourpence per word on charges to and from Australia. Press rates, agree reduction to two shillings eightpence, provided benefit extended non-contributing colonies."

D. GILLIES,

The Hon. the Premier, Wellington.

Premier.

No. 59.

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

Sir,—

7, Westminster Chambers, London, 7th April, 1886.

Mr. Pender called on me to-day, and had a further conversation with regard to the recent telegraphic communications which have passed between yourself and him. In order to prevent any future misunderstanding, I made quite clear to him the one point on which he and I think alike—viz., that, provided adequate reductions are made in the rates, it is better that the continuity of the Eastern Extension system should be maintained, because, in the present state of traffic over the cable, the competition of a second line between Australia and New Zealand could not pay. Mr. Pender showed me the draft of a telegram he proposed to send you, offering, in reply to one from you asking at what price the company would sell the existing cable, to dispose of it to the Government for £150,000; but he said that, so far from desiring to sell, the company would, if New Zealand joined the other colonies in the subsidy, be willing to agree at once to duplicate the cable within a reasonable time. Mr. Pender referred to an argument which had been used, that the contributions of the colonies should not be made on a population basis, but in proportion to their telegraphic traffic; and he handed me a table, of which I enclose a copy herewith, purporting to show that, in the case of New Zealand, the contribution by traffic would be less than the contribution by population. I recommended him to send you a precise proposal for the duplication of the cable, and not to confine his offer to the one point of a sale of the existing cable at £150,000.

I have, &c.,

The Hon. the Postmaster-General, Wellington.

F. D. BELL.