

of the Australasian Governments, and promised to submit the matter to the favourable consideration of the Indian Government. Lord Kimberley counselled that he should do this by letter rather than by cable; and, as it was impossible to conclude the negotiations so that the cable reductions should commence on 1st December, as originally intended, he promised to obtain a reply in time to permit the reduced rates to be commenced on 1st January next. I took occasion to point out to Lord Kimberley that New Zealand had hitherto stood aloof from the guarantee, and that as the present rates were very high, viz., 10s. 2d. a word, it was a matter of urgency to New Zealand to expedite the matter as much as possible. I also stated that no doubt the reductions in cable rates to New Zealand would result in an increased business, and, consequently, in an increase in the profit already made by India.

It was subsequently arranged that Sir Saul Samuel should send a joint cablegram (copy herewith) to his Government, to be by them transmitted from Sydney to the other Australasian Governments.

I enclose copy of the cablegram which I received from you, instructing me to sign the amended cable agreement and to co-operate with the other Agents-General in reference to the claim made by the Indian Government.

I have, &c.,

The Hon. the Premier, Wellington.

W. B. PERCEVAL.

Enclosure 1 in No. 34.

The AGENTS-GENERAL to the SECRETARY of STATE for the COLONIES.

Telegraphic Rates to Australasia.

Westminster Chambers, 9, Victoria Street, London, S.W.,

11th November, 1892.

MY LORD MARQUIS,—

We, the representatives of New South Wales, Tasmania, New Zealand, South Australia, Victoria, and Western Australia, acting on behalf of our respective Governments, have to request your Lordship's good offices with the Secretary of State for India to obtain, with the least possible delay, the consent of the Indian Government to raising the telegraphic rates with Australasia by ninepence (9d.) per word without disturbing the existing transit rate across India.

As your Lordship is probably aware, the tariff between Europe and Australia was reduced last year from 9s. 4d. to 4s. per word, under a guarantee arrangement entered into by the Governments of New South Wales, Victoria, South Australia, Tasmania, and Western Australia with the Eastern Extension Telegraph Company, the Governments agreeing to bear one-half of the risk of any loss arising from the reduction, and the company bearing the other half.

The result of the first year's working at the 4s. rate has been a loss of £55,040, of which the colonies have had to make up the large sum of £27,520.

It has now, however, been arranged for New Zealand to join in the guarantee, and receive the benefit of the reduced tariffs, together with large reductions of tariff over the New Zealand cables, and with a view to further diminishing the liability of the colonies, it is proposed to raise the tariffs by 9d. per word, making the rate to Australia 4s. 9d. per word.

The consent of the Governments of India, Germany, and Russia being necessary to this change of tariff, formal application was made to those Governments on the subject, with the result that Germany and Russia have long since signified their approval. India, however, demands an additional transit-rate of 15 centimes per word out of the extra 9d. We are sure that your Lordship will see from the following arguments that this demand is most unreasonable, inopportune, and unfair to the colonies, and we have to respectfully but strongly protest against it, and urge its withdrawal.

When the word-rate was first established, in 1876, India's transit rate between Bombay and Madras was fixed at 50 centimes, but on the opening of the Rangoon cable, in 1877, it was increased to 75 centimes, so that the charge might be uniform by both routes instead of having differential rates.

As, however, the Rangoon route proved to be utterly unreliable, and, therefore, could only be used when the Madras cable was interrupted, the practical effect of the arrangement was that the Indian Government received an additional 50 per cent. for their transit-rate without affording any corresponding advantage to the public.

We understand that this anomaly was frequently pointed out to the Indian authorities, and a substantial reduction of the transit rate urged—more particularly when the companies lowered the tariffs to Australia, China, &c., at the Berlin Conference, in 1885, risking a loss of something like £67,000, which, we believe, has not yet been fully recouped.

India, however, refused to take any part in the reductions, and maintained the rate of 75 centimes until last year, when it was reduced to 35 centimes for all classes of traffic.

This reduction was mainly brought about by the Eastern Extension Company agreeing to reduce its rates to Java, China, Japan, &c., involving a further heavy sacrifice, and also consenting to give up the Rangoon route, whereby the land-lines between Calcutta and Rangoon were released for the use of the Indian local traffic.

By doing this, the reason for continuing to charge the uniform 75-centimes rate no longer existed, and, consequently, the reduction made by India on account of the general lowering of the tariffs was practically from 50 to 35 centimes, and, as the Australasian traffic has increased about 60 per cent. since the 4s. tariff was introduced, the Indian Government have really made a profit