

ensuring they shall be landed where shore ends can be protected by fixed defences.' On seventeenth I forwarded to you and to Victoria and Queensland copy of minute of our Postmaster-General dealing fully with matter, and asking views of different Governments.

No. 152.

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

SIR,—

Post and Telegraph Department, Brisbane, 1st February, 1900.

I have the honour to draw your attention to the action now being taken by the Eastern Extension Telegraph Company with a view of inducing the Australasian Colonies to make a fresh agreement with them, and to point out that the acceptance of a new agreement on the terms proposed would have the effect of indefinitely postponing the construction of an all-British cable *via* Vancouver, for the following reasons:—

(1.) Acceding to the proposal of the company to open their own offices for the collecting and distributing of messages in the colonies would give the company power to make their own terms with the general public, by privately canvassing for business, offering discounts or rebates below the recognised tariff, and thus enable them to practically control the greater part of the traffic.

(2.) As the tariff for the Pacific cable would be arranged by the Board in London, and no alteration therein could be made without the sanction of that Board, all the parties to the Pacific cable would suffer great loss in competing for traffic with the company.

(3.) And under these circumstances it is extremely probable that the Imperial Government and Canada would withdraw from the compact.

Herewith I beg to hand you, for your information, copy of a report furnished by this department on the subject, and also a leading article which appeared in the *Brisbane Courier* of yesterday morning.

I have, &c.,

JAMES G. DRAKE,
Postmaster-General.

The Hon. the Postmaster-General, Wellington.

Enclosure 1 in No. 152.

REPORT *re* PROPOSAL OF THE EASTERN EXTENSION COMPANY TO LAY A CABLE BETWEEN THE CAPE AND AUSTRALIA.

FROM the *Sydney Morning Herald* of the 9th instant it appears that the conference of the Postmasters-General of Victoria and New South Wales just held in Sydney has resulted "in a general agreement being arrived at that the Governments of the two Colonies represented would recognise the proposed Cape cable, upon the condition that no 'cutting rates' were adopted as against the Pacific cable"; and it is further stated that "an answer to a cable message despatched to England in the matter, and stating the result of the conference, is now being awaited by all parties interested."

The proposal *in re* the Cape cable, as given by Mr. J. E. Squier, Acting-Manager for the E.E.A. and C.T. Company in Australasia, is: "The company will entirely waive renewal of subsidy and guarantee against competition, and, in addition to providing a cable from the Cape all the way to Glenelg, *via* Perth, will at once reduce tariff to 4s. for the whole of Australia, and make further reductions on a sliding scale as traffic increases" until the reduction reaches 2s. 6d. per word in 1903. "In return for the above, the company would only require the same privilege in Perth, Adelaide, and Melbourne, as they have hitherto enjoyed in Great Britain, of directly distributing and collecting their international telegrams to and from the public." The Governments of Western Australia and South Australia have notified their acceptance of the company's proposal.

"With this right being conceded, the company had no fear of the competition of the Pacific cable, which would, of course, be under Government control." The result of such a concession would be to enable the company to make contracts with the chief cable users that would enable them to monopolise the large bulk of the business for a number of years.

When asked in the Victorian Assembly, in August last, what action the Victorian Government proposed taking, Mr. Duffy said, "No reply could be given until the matter had been considered by the colonies. It must, however, be considered in relation to the effect it may have on the Pacific cable."

Now, apparently, without consulting either this colony or New Zealand, both of which are included in the Australian compact for the Pacific cable on precisely equal terms and responsibilities with Victoria and New South Wales, the Postmasters-General of the two latter colonies meet in secret conclave and despatch a cable message to England intimating that they "would recognise the proposed Cape cable upon the condition that no 'cutting rates' were adopted as against the Pacific cable."

Mr. J. S. Larke, in his letter to the Premier of this colony, dated 4th instant, says: "If the concession is granted, and the Eastern Extension Company secured the monopoly of the business, the share of the loss of Canada in working the Pacific cable would be £30,000 per annum—a sum which, I venture to say, its people would not care to undertake; and it is questionable if the Imperial Government would do so either, judging from the fact that it fixed its responsibility some time ago at a maximum of £20,000. This would put an end to the Pacific cable."

If the action of the Postmasters-General of Victoria and New South Wales is indorsed by their respective Governments, and presumably it is or the cablegram would not have been sent to England, it should call forth the strongest protest from the other Australasian guarantors to the