

1900.  
NEW ZEALAND.

TELEGRAPH CABLES

(FURTHER PAPERS RELATING TO).

[In continuation of Paper F.—8A, presented on the 14th July, 1899.]

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

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NEW ZEALAND-SYDNEY CABLE.  
CESSATION OF GUARANTEE.—SUBSTITUTION OF WORD-RATE.

No. 1.

The SECRETARY, General Post Office, Wellington, to the DEPUTY POSTMASTER-GENERAL, Melbourne.  
(Telegram.) Wellington, 10th October, 1899.  
KINDLY say what has been done *re* cable-subsidy agreement expiring end this month. *Vide* your letter 6th February [No. 4, F.—8, 1899].

No. 2.

The DEPUTY POSTMASTER-GENERAL, Melbourne, to the SECRETARY, General Post Office, Wellington.  
Post Office and Telegraph Department, General Post Office,  
Melbourne, 18th October, 1899.  
SIR,— Referring to your telegram of the 10th instant, I have the honour to state that nothing further has been done in regard to the cable-subsidy agreement.  
The subsidy will cease at the end of this month, and no action is considered necessary.  
I have, &c.,  
The Secretary, General Post Office, Wellington. F. L. OUTTRIM.

No. 3.

The ACTING-MANAGER in AUSTRALASIA, Eastern Extension Company (Limited), Melbourne, to the Hon. the POSTMASTER-GENERAL, Wellington.  
(Telegram.) Melbourne, 25th January, 1900.  
BEG to inform you that company gave formal notice on 23rd instant to Agent-General for South Australia, on behalf of all Australasian Colonies except Queensland, to terminate existing tariff agreement, both for Australian and New Zealand traffic, thirtieth April next.  
1—F. 8.

## No. 4.

The ACTING-MANAGER in AUSTRALASIA, Eastern Extension Company, Melbourne, to the Hon. the POSTMASTER-GENERAL, Wellington.

Eastern Extension Australasia and China Telegraph Company (Limited),  
Melbourne, 25th January, 1900.

SIR,—

I have the honour to inform you that my company gave formal notice on the 23rd instant to the Agent-General for South Australia, on behalf of all of the Australasian Colonies except Queensland, to terminate the existing tariff agreement, both for Australasian and New Zealand traffic, on the 30th April next.

I have, &c.,

J. EUSTON SQUIER,

The Hon. the Postmaster-General, Wellington.

Acting-Manager in Australasia.

## No. 5.

The SECRETARY, General Post Office, Wellington, to the POSTMASTER-GENERAL, Adelaide.

(Telegram.)

Wellington, 1st February, 1900.

SQUIER advises that his company given your Agent-General, on behalf of colonies except Queensland, notice to terminate in April next existing tariff agreements both for Australian and New Zealand traffic. Presume you will forward copy of notice, and indicate proposed action. Still a deficiency on Sydney-New Zealand cable-traffic.

## No. 6.

The POSTMASTER-GENERAL, Adelaide, to the SECRETARY, General Post Office, Wellington.

(Telegram.)

Adelaide, 9th February, 1900.

COMPANY gives notice of termination on 30th April of all existing tariff agreements both for Australasian and New Zealand traffic.

## No. 7.

The POSTMASTER-GENERAL, Adelaide, to the SECRETARY, General Post Office, Wellington.

(Telegram.)

Adelaide, 14th February, 1900.

OUR Agent-General, on the 24th ultimo, telegraphed as follows: "Eastern Extension Telegraph Company has to-day handed to me, as the authorised channel for communication to colonies concerned, formal notice of termination, on 30th April next, of existing tariff agreements both for Australasian and New Zealand traffic." The Government here will advise your Government officially. I thought you had been advised officially, but I find on inquiry that the docket had been inadvertently mislaid.

## No. 8.

The Hon. the PREMIER, Adelaide, to the Hon. the PREMIER, Wellington.

(Telegram.)

Adelaide, 15th February, 1900.

OUR Agent-General telegraphs as follows: "Eastern Extension Telegraph Company has handed to me, as the authorised channel for communication to colonies concerned, formal notice of termination, on thirtieth April next, of existing tariff agreements both for Australasian and New Zealand traffic."

## No. 9.

The DEPUTY POSTMASTER-GENERAL, Sydney, to the SECRETARY, General Post Office, Wellington.

Postal and Electric Telegraph Department, General Post Office,

SIR,—

Sydney, 20th February, 1900.

With reference to the formal notice given on the 23rd ultimo by the Eastern Extension Australasia and China Telegraph Company (Limited) to the Agent-General for South Australia, on behalf of all of the Australasian Colonies except Queensland, to terminate on 30th of April next the existing tariff agreement both for Australasian and New Zealand traffic, I am directed to request that you will be so good as to advise me what action your department proposes to take in connection with the matter.

It is thought that, in the absence of any fresh agreement, the company will have power to raise the rates to any amount it pleases, although, of course, it would not be likely, in its own interests, to make them higher than what would be sufficient to secure the amount at present guaranteed—namely, £20,000 per annum.

This department would not, however, advise that any guarantee at all be given in future, it being considered that the tariff should be made sufficiently high to obviate the need for one—that is, if the company cannot see its way to be satisfied with the present revenue from the cables of

about £17,368 per annum, then the rates should be slightly raised so as to produce the £20,000 per annum now guaranteed, which would mean an increase on the present rates of about 6d. for the first ten words and 1d. for each additional word.

I have, &c.,

S. H. LAMBTON, Deputy Postmaster-General.

The Secretary, General Post Office, Wellington.

### No. 10.

The SECRETARY, General Post Office, Wellington, to the DEPUTY POSTMASTER-GENERAL, Sydney.  
SIR,—

General Post Office, Wellington, 10th March, 1900.

I have the honour to acknowledge the receipt of your letter of the 20th ultimo, asking what action this department proposes to take with regard to the notice given by the Eastern Extension Telegraph Company to terminate on the 30th proximo the existing tariff agreements for Australasian and New Zealand traffic.

The matter has been placed before the Postmaster-General, who directs me to say that at a later stage he will advise what course he thinks should be followed.

I have, &c.,

The Deputy Postmaster-General, Sydney.

W. GRAY, Secretary.

### No. 11.

The Hon. the PREMIER, Adelaide, to the Hon. the PREMIER, Wellington.

SIR,—

Premier's Office, Adelaide, 22nd March, 1900.

Referring to my telegram of the 15th ultimo, I have now the honour to forward a full copy of the notice [not printed] from the Eastern Extension Australasia and China Telegraph Company (Limited) terminating on the 30th April next the tariff agreements now existing between that company and the Governments concerned.

I have, &c.,

The Hon. the Premier, Wellington.

F. W. HOLDER.

### No. 12.

The MANAGER in AUSTRALASIA, Eastern Extension Company, to the Hon. the POSTMASTER-GENERAL, Wellington.

(Telegram.)

Melbourne, 3rd April, 1900.

IN view heavy loss (over six thousand pounds per annum) which company has suffered since April, 1895, under the amended guarantee agreement, and that agreement expiring at end of present month, company is not prepared to continue. It would, therefore, be glad to know if you are willing to revert to the 1892 agreement by which one-quarter of the loss was borne by the company, or whether the rate is to be raised in lieu of a guarantee.

### No. 13.

The DEPUTY POSTMASTER-GENERAL, Sydney, to the SECRETARY, General Post Office, Wellington.

(Telegram.)

Sydney, 7th April, 1900.

Re your letter 10th ultimo: Kindly advise what your department proposes doing regarding notice given by Eastern Extension Company to terminate tariff agreements on thirtieth instant. [Reply refers to No. 14.]

### No. 14.

The Hon. the POSTMASTER-GENERAL, Wellington, to the MANAGER in AUSTRALASIA, Eastern Extension Company, Melbourne.

(Telegram.)

Christchurch, 7th April, 1900.

Re guarantee: Replying to your cable of third, I cannot but express surprise at its contents. In view of position of traffic as compared with guarantee, your request conveys the impression that, with the receipts closely approximating £20,000, the guarantee is asked for in order to insure a continued contribution from New Zealand and other colonies, even though the traffic receipts amount to twenty thousand a year. As guarantee of twenty thousand was deemed by your company in 1895 as sufficient, it is extraordinary that, in the face of your having abandoned the duplicate-cable subsidy of £32,400 a year, you should now ask for an increased guarantee of £6,000 for the Sydney-New Zealand cable. I find that the total traffic-receipts to your company over this cable for the twelve months ended January last amounted to about £18,574, and for the year ended January, 1899, they were £17,047—an increase, in round numbers, of £1,500 for last year. If this rate of increase maintained during current year, which is more than probable, the receipts should be over £20,000. Were the traffic a falling one I could understand the company's request for a further guarantee; but, in view of the fact that the receipts are fast approaching the amount guaranteed, I am unable to understand why you should now ask not only the renewal of existing guarantee—which, upon the revenue returns, appears unnecessary—but one for an additional £6,000. I am not prepared to agree to any such request, and you will be good enough to kindly accept this as my reply declining.

## No. 15.

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

(Telegram.)

Christchurch, 7th April, 1900.

HAVE received telegram from Mr. Warren, Manager, Eastern Extension Company, advising that his company purposes increasing the Sydney-New Zealand cable guarantee from £20,000 to £26,000 a year. For your information I forward you copy of reply I have sent Mr. Warren, and shall be obliged if you will favour me with your views. [See No. 14.]

## No. 16.

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

(Telegram.)

Sydney, 10th April, 1900.

Re Cable Company's proposal to increase New Zealand cable guarantee and your reply to Warren: We will not renew guarantee. Unfair to tax the whole community for the benefit of the comparatively few who use the cable. Matter was dealt with, from my point of view, in departmental letter of 20th ultimo.

## No. 17.

The Hon. the PREMIER, Wellington, to the Hon. the PREMIER, Adelaide.

SIR,—

Premier's Office, Wellington, 24th April, 1900.

I have the honour to acknowledge the receipt of your letter of the 22nd ultimo, transmitting copy of the notice from the Eastern Extension Australasia and China Telegraph Company (Limited) of termination on the 30th instant of the existing tariff agreements between that company and the Governments concerned.

I am, &c.,

The Hon. the Premier, Adelaide.

J. G. WARD (for the Premier).

## No. 18.

The MANAGER in AUSTRALASIA, Eastern Extension Company, Adelaide, to the Hon. the POSTMASTER-GENERAL, Wellington.

(Telegram.)

Adelaide, 26th April, 1900.

REFERRING to your telegram of 7th instant, I have to point out that the company never deemed the revenue of £20,000 sufficient, as that sum, after deducting working-expenses, maintenance, and amortization, gives a net return of less than one per cent. on capital invested. Company only agreed to accept a guarantee of £20,000 as part of the larger arrangement entered into at the time with the other Australasian Colonies. I have now to inform you the Board, after carefully considering the circumstances, has decided, by way of experiment, for one year from 1st May next, to adopt international system of charging a word-rate of 3d. per word for the intercolonial traffic passing over the New Zealand cable both for ordinary and Government telegrams, no alteration to be made in intercolonial Press-rates.

## No. 19.

The Hon the POSTMASTER-GENERAL, Wellington, to the MANAGER in AUSTRALASIA, Eastern Extension Company, Adelaide.

(Telegram.)

Wellington, 27th April, 1900.

THANKS for information contained in your cable. I note the decision of your board of directors. Am I right in assuming the effect of this to be that instead of paying two shillings for ten words, as at present, it means, under the threepenny rate, paying two shillings and sixpence for ten words, and that if a person sent a cable of only three words the full amount he would require to pay would be ninepence? If my assumption is right, and there is no minimum with the threepenny word-rate, it is so far satisfactory. With reference to your remarks about the twenty thousand pounds, I note that the net return is computed by you at less than one per cent. upon the capital invested. This is, I think, scarcely a fair way of putting the position. The capital originally invested will, I presume, have been largely written down, and have been provided for to a material extent out of profits. This is, of course, a system that commends itself; but, from the point of view I take, if the twenty-thousand-pounds guarantee were sufficient during the years it existed, it was scarcely to be expected that I could agree to the augmentation of the guarantee to twenty-six thousand pounds, particularly in view of the large increase of revenue which was taking place over the cable.

## No. 20.

The MANAGER in AUSTRALASIA, Eastern Extension Company, Adelaide, to the Hon. the POSTMASTER-GENERAL, Wellington.

(Telegram.)

Adelaide, 27th April, 1900.

GLAD to learn you approve adoption word-rate. Your assumption correct: no minimum. Three words would be ninepence for cable. You have apparently not taken into account cost of the duplicate-cable working-expenses, maintenance and amortization for both cables. Think you

must remember Manager pointed out to you during one of our interviews in London that company considered guarantee twenty thousand pounds year insufficient, especially so as traffic had not increased as you anticipated, consequently there was loss to the company since 1895 over six thousand pounds year which previously had been shared by colonies, and company therefore think it only fair and reasonable to ask you revert to original guarantee, since net return showed less than one per cent. on capital invested. However, I hope word-rate will lead to increased traffic, and thus show experiment to be success. Presume you understood that money-order telegrams will be charged ordinary rate—threepence per word. I will, however, agree make rate for department postal telegrams one penny per word. Reply.

## No. 21.

The MANAGER in AUSTRALASIA, Eastern Extension Company, Adelaide, to the SECRETARY, General Post Office, Wellington.

SIR,—

Adelaide, 27th April, 1900.

Confirming my telegram of 26th instant, I have the honour to state, for the information of the Hon. the Postmaster-General, that it has been decided to adopt the international system of charging a word-rate for the intercolonial traffic passing over the New Zealand cables from the 1st proximo, and that the cable-rate for both ordinary and Government telegrams will be 3d. per word. The present intercolonial Press-rate to remain in force.

I have, &amp;c.,

W. WARREN, Manager in Australasia.

The Secretary, General Post Office, Wellington.

## No. 22.

The Hon. the POSTMASTER-GENERAL, Wellington, to the MANAGER in AUSTRALASIA, Eastern Extension Company, Adelaide.

(Telegram.)

Wellington, 28th April, 1900.

*Re* interview in London: I did not understand that it meant an increase of the existing guarantee. But the ordinary increase in business itself which has come before me since then would not, under any circumstances, warrant this colony agreeing to an additional guarantee, the more so as duplicate-cable guarantee of thirty-two thousand pounds of other colonies has been entirely foregone. In my opinion, proposed rate of threepence per word without a minimum should be satisfactory; and I should expect to find at the end of the year it had meant considerable increase in revenue to your company. I think it is only right, however, to say that this does not represent a concession to the public, as the percentage of commercial messages of ten words and under is only about forty-six decimal thirty-four per cent. of the whole; nor is it a concession in respect of Government messages. I feel disappointed at the proposed money-order telegram rate, which at present is a fixed one of two-and-sixpence per message. Average length of each message does not exceed eleven words. Such messages must be governed by fixed rate, to obviate great public inconvenience and needless departmental labour. Indeed, instead of applying the threepenny rate to them, I would ask you to make a fixed charge of, say, eighteenpence a message. The public must know what the total cost is for this class of message. It is not necessary to go further at present into the question of profits or costs of cable. I fully recognise that in the absence of any guarantee I must negotiate with you upon ordinary business lines. Have you any objection to ascertain from your Board what they will accept for the old and the new intercolonial cables?

## No. 23.

The SECRETARY, General Post Office, Wellington, to the MANAGER in AUSTRALASIA, Eastern Extension Company, Adelaide.

(Telegram.)

Wellington, 28th April, 1900.

POSTMASTER-GENERAL is cabling you *re* money-order telegrams, giving reasons not only why word-rate should be applied, but that special rate of eighteenpence should be agreed to—reasons which will, no doubt, have due weight with Board. I note that postal messages will be charged penny a word.

## No. 24.

The MANAGER in AUSTRALASIA, Eastern Extension Company, Adelaide, to the Hon. the POSTMASTER-GENERAL, Wellington.

(Telegram.)

Adelaide, 29th April, 1900.

*Re* money-order telegrams: Regret cannot entertain your suggestion eighteenpence message, nor can I recommend Board to do so. You must please bear in mind that New Zealand has the cheapest cable-tariff in the whole world, and is only one-fourth of the Atlantic cable-tariff, over which cables there is an enormous traffic, whereas the New Zealand cable has a very poor one as compared with other cable-service with a much higher tariff. Therefore feel assured you will recognise this. I will submit your question Board *re* price for the two cables. The other colonies have been instructed to charge threepence per word cable-rate for money-order telegrams to New Zealand.

## No. 25.

The Hon. the POSTMASTER-GENERAL, Wellington, to the MANAGER in AUSTRALASIA, Eastern Extension Company, Adelaide.

(Telegram.)

Wellington, 30th April, 1900.

SORRY you cannot see your way to reduce money-order rates ; but there should be a fixed rate, and I shall be glad to know what you will make it. I hope it will not be more than 2s. 6d.

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## No. 26.

The POSTMASTER-GENERAL, Adelaide, to the SECRETARY, General Post Office, Wellington.

(Telegram.)

Adelaide, 30th April, 1900.

I HAVE advised all colonies to adopt 1d. per word, and will seek approval from Government to-morrow *re* money-orders. Sorry to say Warren feels unable to make any exception with them, so that word-rate will have to apply.

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## No. 27.

The UNDER-SECRETARY, Post and Telegraph Department, Brisbane, to the SECRETARY, General Post Office, Wellington.

(Telegram.)

Brisbane, 30th April, 1900.

WE purpose adopt word-rate sixpence. Colonial proportions penny each.

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## No. 28.

The DEPUTY POSTMASTER-GENERAL, Sydney, to the SECRETARY, General Post Office, Wellington.

(Telegram.)

Sydney, 30th April, 1900.

*Re* local rates, New Zealand messages : Postmaster-General has matter under consideration ; but, as present rates cannot be altered without Executive Council sanction, we shall have to observe them, at any rate, for few days. Should the word-rate be adopted, we favour a penny for each colony. Meanwhile, if you decide to adopt word-rate at once, we should, of course, pass your messages through, taking our proportion of the local rates you levy.

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## No. 29.

The MANAGER in AUSTRALASIA, Eastern Extension Company, Adelaide, to the SECRETARY, General Post Office, Wellington.

(Telegram.)

Adelaide, 30th April, 1900.

No ; cannot agree to fixed rate for money-order telegrams. As already stated, New Zealand public have lowest cable-tariff in whole world, and no such concession as you ask is granted in any other country.

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## No. 30.

The MANAGER in AUSTRALASIA, Eastern Extension Company, Adelaide, to the POSTMASTER-GENERAL, Wellington.

(Telegram.)

Adelaide, 30th April, 1900.

REASONS already given why cannot comply your request. Find average number of words since January to be from New Zealand fifteen point five [in money-order telegrams]. Referring to your public statement last week *re* cost working cable, your experts considerably underestimated cost of working, &c. Our last year station-expenses amounted five thousand eight hundred and fifty-three pounds, and no allowances were made for amortization, which cannot be placed at less than six thousand pounds per annum for each cable. The expenses this year will be much greater, owing to the recent extensive renewals to original cables.

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## No. 31.

The MANAGER in AUSTRALASIA, Eastern Extension Company, Adelaide, to the Hon. the POSTMASTER-GENERAL, Wellington.

(Telegram.)

Adelaide, 1st May, 1900.

As I see you have published your telegrams to me, may I ask you to be good enough to publish my replies to you, as I think the New Zealand public should be enlightened as to their having the cheapest cable-tariff in whole world.

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## No. 32.

The SECRETARY, General Post Office, Wellington, to the DEPUTY POSTMASTER-GENERAL, Sydney.

(Telegram.)

Wellington, 1st May, 1900.

CABLE-RATES : Thanks for message. We charge one penny inland all round, and have fixed rates as follows : New South Wales, fivepence ; Queensland, Victoria, South Australia, sixpence ; Tasmania, eightpence ; and Western Australia, sevenpence per word. Money-order telegrams also charged word-rate, Warren refusing to have fixed rate. Change, however, means that an eleven-word message, our average, to your colony would cost 4s. 7d. instead of 3s. 6d.

## No. 33.

The SECRETARY, General Post Office, Wellington, to the POSTMASTER-GENERAL, Adelaide.

(Telegram.)

Wellington, 1st May, 1900.

WE have adopted following rates: To New South Wales, fivepence; Queensland, Victoria, South Australia, sixpence; Tasmania, eightpence; and Western Australia, sevenpence per word. Our proportion one penny a word. Money-order telegrams also charged word-rate.

## No. 34.

The DEPUTY POSTMASTER-GENERAL, Melbourne, to the SECRETARY, General Post Office, Wellington.

(Telegram.)

Melbourne, 2nd May, 1900.

THIS Administration approved one penny per word local rate New Zealand telegrams lieu present minimum sixpence for ten words. Order in Council give effect probably obtained week's time.

## No. 35.

The SECRETARY, General Post Office, Wellington, to the MANAGER in AUSTRALASIA, Eastern Extension Company, Adelaide.

(Telegram.)

Wellington, 2nd May, 1900.

CABLE-RATES: We have fixed a word-rate all round, and on messages for Tasmania provide one penny for cable. Presume you agree.

## No. 36.

The MANAGER in AUSTRALASIA, Eastern Extension Company, Adelaide, to the SECRETARY, General Post Office, Wellington.

(Telegram.)

Adelaide, 2nd May, 1900.

Re Tasmania cable-rate: Yes, one penny per word.

## No. 37.

The Hon. the POSTMASTER-GENERAL, Wellington, to the MANAGER in AUSTRALASIA, Eastern Extension Company, Adelaide.

(Telegram.)

Wellington, 2nd May, 1900.

YOUR cable re cheapest cable-tariff in whole world was given out and published by Press same date received. All your telegrams have been and will be handed out for publication in full. Hope to reply to your last cable to-day.

## No. 38.

The MANAGER in AUSTRALASIA, Eastern Extension Company, Adelaide, to the SECRETARY, General Post Office, Wellington.

(Telegram.)

Adelaide, 4th May, 1900.

COMPANY agrees to continue rate one penny per word for New Zealand international Press messages.

## No. 39.

The Hon. the POSTMASTER-GENERAL, Wellington, to the MANAGER in AUSTRALASIA, Eastern Extension Company, Adelaide.

(Telegram.)

Wellington, 5th May, 1900.

IN reply to your wire of the 30th, in which you say that the figures given by me as to cost of working cable were considerably underestimated, I have had matter carefully gone into, and regret I am unable to agree with you. There is wide difference between your estimate of cost of working and station expenses—which you say amounted to £5,853 last year—and ours, probably from the fact that your figures have been swelled by many items which would not be taken into account were cable worked as State-owned. For instance, Wakapuaka and La Perouse are training-stations, and the staffs generally, if not always, are in excess of actual requirements. Your company also works Sydney land-lines, and probably portion this cost is included in your figures. During last year or two your company has added largely to station buildings and provided new outfits, including expensive instruments. In the estimate given by me office-instruments were included in capital cost, and six thousand a year set down for salaries, other expenses, small repairs, &c., and from careful analysis these figures believed to be well within mark. Cost of extensive cable-repairs and renewals debited against amortization fund, as well as up-keep of cable-steamer. I may add that, while I have no doubt your estimate is based upon the practice adopted in working your system, I am certain that your figures are considerably above what they would be if Government owned the cable. In discussing matter with you I have but one object, that of securing lowest possible cable-rates in interests of colony; and I am glad to learn from you that as result of our efforts New Zealand has obtained lowest cable-rates in the world. But, while this is so, we are

distant from the great commercial centres, and feel that much lower rates should be secured if possible. I still much regret that you have not been able to meet us in respect to money-order rate. You have possibly overlooked fact that the new form of message, introduced in March last, reduced the average number of words to eleven, as originally stated by me.

## No. 40.

The MANAGER in AUSTRALASIA, Eastern Extension Company, Adelaide, to the Hon. the Post-MASTER-GENERAL, Wellington.

(Telegram.)

Adelaide, 7th May, 1900.

*Re* your telegram 5th: Cannot agree with your argument that lower rates should rule for places distant from great commercial centres, because cost of maintenance and working cable must necessarily be greater, therefore the tariff instead of being lower should be proportionately higher. The company, however, wishing to serve the interests of the colonies, have given New Zealand the cheapest cable-service in the world. If there is any further information required will you kindly write.

## No. 41.

The DEPUTY POSTMASTER-GENERAL, Sydney, to the SECRETARY, General Post Office, Wellington.

(Telegram.)

Sydney, 8th May, 1900.

*Re* your wire, thirtieth ultimo: This department agrees with action you are taking to induce Eastern Extension Company to adopt reduced fixed rate telegraphic money-orders. Company will probably cause less business if they retain present rates for such messages.

## No. 42.

The DEPUTY POSTMASTER-GENERAL, Sydney, to the SECRETARY, General Post Office, Wellington.

(Telegram.)

Sydney, 9th May, 1900.

AUTHORITY obtained to levy local rate of one penny per word on messages, including money-order advices for New Zealand, from 14th instant.

## No. 43.

The SECRETARY, General Post Office, Hobart, to the SECRETARY, General Post Office, Wellington.

(Telegram.)

Hobart, 10th May, 1900.

TASMANIA adopts word-rate for telegrams to New Zealand on 14th instant.

## No. 44.

The DEPUTY POSTMASTER-GENERAL, Melbourne, to the SECRETARY, General Post Office, Wellington.

(Telegram.)

Melbourne, 10th May, 1900.

CABLE-RATES: From 14th instant our inland rate will be one penny per word. Same rate will apply to money-order telegrams.

## No. 45.

The POSTMASTER-GENERAL, Adelaide, to the SECRETARY, General Post Office, Wellington.

(Telegram.)

Adelaide, 11th May, 1900.

ALL colonies have now agreed to word-rate from 14th May. Sydney only had Executive approval from that date, and asked that old rates should be charged till then. Western Australia agrees to one penny.

## No. 46.

The AGENT-GENERAL to the Hon. the Premier.

Westminster Chambers, 13, Victoria Street, London, S.W.,

(Memorandum.)

15th May, 1900.

EASTERN EXTENSION TELEGRAPH COMPANY.—I beg to transmit herewith copy of letter received from the above company, and my reply thereto, in which they ask for payment of £1,197, balance due to them to 30th April last.

W. P. REEVES.

## Enclosure 1 in No. 46.

The MANAGER, Eastern Extension Company, London, to the AGENT-GENERAL, London.

Sir,— Winchester House, 50, Old Broad Street, E.C., 14th May, 1900.

I have the honour to inform you that, according to the figures telegraphed Home from Australia, the message receipts over the New Zealand cables for the year ended 30th April



ultimo amounted to £18,803, or £1,197 less than the amount (£20,000) guaranteed under the agreement of April, 1895. I should, therefore, be glad to receive a cheque for £1,197 at your early convenience.

Should you desire to have the above figures confirmed by your Government, and would like to send a telegram to New Zealand on the subject, I shall be happy to transmit the message, free of charge, if you will forward it to me.

The above will be the final payment under the tariff guarantee agreement of April, 1895, which, as you are aware, terminated on the 30th ultimo.

With regard to future tariff arrangements, the company decided from the 1st instant to abolish the ten-word tariff over the New Zealand cables and try the experiment for one year of applying the international rate of 3d. per word to the intercolonial traffic, making the charge for Government intercolonial telegrams the same as for ordinary messages.

The Postmaster-General of New Zealand was duly apprised of the company's decision by our representative in Australia, and has expressed his satisfaction with the arrangement.

I have, &c.,

The Hon. W. P. Reeves.

F. E. HESSE, Manager.

### Enclosure 2 in No. 46.

The SECRETARY to the AGENT-GENERAL, London, to the MANAGER and SECRETARY, Eastern Telegraph Company, London.

Westminster Chambers, 13, Victoria Street, London, S.W.,

SIR,—

15th May, 1900.

I am directed by the Agent-General to acknowledge the receipt of your letter of the 14th instant (copy of which will be sent to the colony), giving the result of the figures telegraphed Home as regards the message-receipts over the New Zealand cables for the year ended 30th April last. In reply I am to inform you that the Agent-General is at present without instructions in the matter from his Government. He assumes, however, that he will receive authority to pay in due course.

I have, &c.,

WALTER KENNAWAY.

F. E. Hesse, Esq., Eastern Extension Telegraph Company, London.

### No. 47.

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

(Telegram.)

Wellington, 25th May, 1900.

TELEGRAPH early as possible estimated cost manufacture and laying telegraph-cable between La Perouse and Wakapuaka.

### No. 48.

The AGENT-GENERAL to the Hon. the PREMIER.

(Telegram.)

London, 31st May, 1900.

IN reply to your telegram 25th, new cable: Present price of telegraph material £220,000, delivered and laid under guarantee. It will be better, larger type than present New Zealand and Australian cable; 1,380 knots.

### No. 49.

The AGENT-GENERAL to the Hon. the PREMIER.

(Telegram.)

London, 1st June, 1900.

WITH reference to telegram yesterday, working new cable will be 374 [letters] per minute with duplex, 206 [letters] simplex machines.

### No. 50.

The AGENT-GENERAL to the Hon. the PREMIER.

SIR,—

Westminster Chambers, 13, Victoria Street, London, S.W., 1st June, 1900.

In accordance with the instructions contained in your cablegram of the 25th instant, I requested Sir W. H. Preece to furnish an estimate of the cost of manufacturing a telegraph-cable and laying it between La Perouse and Wakapuaka, and herewith I transmit copy of correspondence relating to the matter, by which it will be seen that he estimates the cost, at the present enhanced price of material, to be £220,000, the proposed cable to be of a larger and better type than the existing cables. I attach copies of the cablegrams that have passed.

I have, &c.,

The Hon. the Premier, Wellington.

W. P. REEVES.

### Enclosure 1 in No. 50.

[See No. 47.]

## Enclosure 2 in No. 50.

The SECRETARY to the AGENT-GENERAL to Sir W. H. PREECE.

SIR,— Westminster Chambers, 13, Victoria Street, S.W., 25th May, 1900.

The Agent-General has received a cablegram from his Government instructing him to obtain, as early as possible, an estimate of the cost of manufacture and laying a telegraph-cable between La Perouse, New South Wales, and Wakapuaka, New Zealand.

Will you therefore be so good as to advise the Agent-General as to the steps that should be taken in order that he may transmit to his Government the information required. Any particulars as regards the existing cable at the disposal of this office will be placed before you, if you should wish to have them.

Sir W. H. Preece, K.C.B.

I have, &amp;c.,

WALTER KENNAWAY.

## Enclosure 3 in No. 50.

The SECRETARY to the AGENT-GENERAL to Sir W. H. PREECE.

Westminster Chambers, 13, Victoria Street, S.W.,

28th May, 1900.

SIR,— Referring to our interview of Saturday, the 26th instant, on the subject of the cable between New Zealand and Australia, I herewith forward the following books (having no loose copies of the papers required): Appendix to Journals, New Zealand House of Representatives, 1875, Vol. ii.; Appendix to Journals, New Zealand House of Representatives, 1876, Vol. ii.; Annual Report (1899) Post and Telegraph Department. Please return when finished with.

I have, &amp;c.,

Sir W. H. Preece, K.C.B.

WALTER KENNAWAY.

## Enclosure 4 in No. 50.

Sir W. H. PREECE to the AGENT-GENERAL.

SIR,—

London, 30th May, 1900.

I have looked carefully into the question of the cost of a cable between La Perouse (New South Wales) and Wakapuaka. I estimate the cost, at present enhanced prices of materials, to be £220,000, delivered and laid under guarantee. The proposed cable would be 1,380 knots in length, and of a larger and better type than the existing cables.

I trust this will be sufficient for you to cable to-morrow to your Government. I will write to you more fully by a later post.

I have, &amp;c.,

The Agent-General for New Zealand, London.

W. H. PREECE.

## Enclosure 5 in No. 50.

[See No. 48.]

## Enclosure 6 in No. 50.

Sir W. H. PREECE to the AGENT-GENERAL.

SIR,—

London, 31st May, 1900.

With reference to your letter of the 25th instant, and my brief reply of yesterday: The new cable estimated for is of a larger and better type than those laid by the Eastern Telegraph Company. The weight of copper per mile in the second cable laid by the company is 130 lb. I propose a cable having a conductor of 200 lb. per mile, which will increase the speed of working some 60 per cent. I estimate the working of the proposed cable to be 374 letters per minute with duplex working, and 206 with simplex machines. The lengths estimated are: Rocky shore end, 10 knots; sandy shore end, 20 knots; heavy intermediate, 30 knots; light intermediate, 100 knots; heavy deep-sea, 200 knots; light deep-sea, 1,020 knots. The total cost of the cable properly laid, including inspection during manufacture and laying, would be £220,000.

It must be recollected that the cost of copper, iron and guttapercha are much higher at the present time than a few years ago. I shall be pleased to give you any further information.

I am, &amp;c.,

W. H. PREECE.

## Enclosure 7 in No. 50.

[See No. 49.]

## No. 51.

The Hon. the PREMIER to the AGENT-GENERAL.

SIR,—

Premier's Office, Wellington, 13th July, 1900.

I have the honour to acknowledge the receipt of your memorandum of the 15th May last, transmitting copy of a letter received from the Manager, Eastern Extension Australasia and China

Telegraph Company (Limited), London, asking for payment of £1,197, being the difference between the receipts from cablegrams transmitted over the New Zealand cables and the amount guaranteed under the tariff guarantee agreement of April, 1895; also copy of your reply thereto.

In reply, I have to inform you that arrangements have been made to impest you with the amount named above for payment to the Manager of the company.

I have, &c.,

J. G. WARD (for the Premier).

The Hon. W. P. Reeves, Agent-General for New Zealand, London.

## No. 52.

The Hon. the PREMIER to the AGENT-GENERAL.

(Memorandum.)

Premier's Office, Wellington, 16th July, 1900.

I HAVE to acknowledge the receipt of your memorandum of the 1st ultimo, with reference to the cost of manufacturing and laying a telegraph-cable between La Perouse and Wakapuaka, together with copy of correspondence between yourself and Sir W. H. Preece on the same subject.

J. G. WARD (for the Premier).

The Hon. W. P. Reeves, Agent-General for New Zealand, London.

## PROPOSED PACIFIC CABLE.

### No. 53.

The AGENT-GENERAL to the Hon. the PREMIER.

Westminster Chambers, 13, Victoria Street, London, S.W.,

16th June, 1899.

SIR,—

Referring to my letter of the 9th instant [No. 57, F.—8, 1899], I beg to transmit herewith copy of a joint letter which has been addressed by the High Commissioner for Canada and the Agents-General to the Secretary of State for the Colonies on the subject of the Pacific cable.

I have, &c.,

WALTER KENNAWAY (for the Agent-General).

The Hon. the Premier, Wellington.

### Enclosure in No. 53.

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

SIR,—

17, Victoria Street, S.W., 16th June, 1899.

We beg to acknowledge your letter of the 6th instant [Enclosure in No. 57, F.—8, 1899] with reference to the scheme for connecting Canada with Australasia by a submarine cable.

We observe with the liveliest satisfaction that you refer to the proposed work as one of great importance to the Empire, and that the considerations we ventured to bring to your notice have induced Her Majesty's Government to adopt, in effect, the recommendations of the Pacific Cable Committee to regard the enterprise as an Imperial undertaking, and to accept the share of the responsibility which attaches to the Mother-country in virtue of her position as head of the Empire.

It gave us great pleasure to communicate, by telegraph, to the Governments we represent the willingness of Her Majesty's Government, as conveyed in your letter, to meet the wishes of Canada and the colonies concerned, and to consider the matter on the basis of utilising the credit of the United Kingdom in the provision of the capital necessary for the undertaking; and, further, its readiness to discuss the questions relating to the mode of raising the capital, and to the construction and control of the cable, which the adoption of this principle must involve.

Replies have now reached us with reference to the suggestion contained in the concluding paragraph of your letter, that delegates should be appointed by the colonial Governments, and we have been formally requested to confer with the Chancellor of the Exchequer and yourself on the subject as desired.

In the meantime, we desire to express our appreciation of the decision of Her Majesty's Government, and of the terms in which it has been communicated to us, which, we feel sure, will also cause much gratification in the portions of the Empire we have the honour to represent.

We are, &c.,

STRATHCONA, High Commissioner for Canada.

JULIAN SALOMONS, Agent-General for New South Wales.

ANDREW CLARKE, Agent-General for Victoria.

W. P. REEVES, Agent-General for New Zealand.

HORACE TOZER, Agent-General for Queensland.

The Right Hon. Joseph Chamberlain, M.P., Secretary of State for the Colonies.

## No. 54.

The AGENT-GENERAL to the Hon. the PREMIER.

SIR,— Westminster Chambers, 13, Victoria Street, London, S.W., 7th July, 1899.

I have the honour to forward herewith copies of the joint cable-messages addressed to Mr. Reid, Premier of New South Wales, for the information of the Governments of Australasia interested in the construction of the Pacific cable. I do not know that there is any important point in the proposals of Her Majesty's Government which is not explained in the cables, except that it was intimated by the Chancellor of the Exchequer that the Imperial Government, while undertaking to deal with any general claim for compensation which might be put forward by the Eastern Extension Telegraph Company, would leave any claim which might be made by the South Australian Government in respect of the overland route to be dealt with by the Australasian colonies concerned.

With reference to the number of delegates proposed to be assigned to Australasia on the provisional Board of Management for the cable, it may be well for me to explain that what happened at the interview with Mr. Chamberlain and Sir Michael Hicks-Beach on the 4th was this: Mr. Chamberlain proposed on behalf of the Imperial Government that the Board of Management should consist of eight delegates, three representing Great Britain, two Canada, two Australia, and one New Zealand. Sir Julian Salomons, Agent-General for New South Wales, somewhat warmly protested against this, on the ground that it was an unfair arrangement between Australia and New Zealand. He suggested that the Board be enlarged so that each Australasian colony concerned should have a delegate. The Secretary for the Colonies, however, objected to this. As unanimity on the part of the Agents-General was admittedly of importance, and time of value, I suggested that the disputed point should be left for the Australian Governments to settle with that of New Zealand. So far as I could observe, the objection of the Agent-General for New South Wales did not appear to be shared by any one else present at the interview. I was, and am, of opinion that it is so obviously just and necessary that New Zealand should have some sort of special representation—especially in view of the forthcoming federation of Australia—that I did not anticipate that you would have any difficulty in coming to an agreement on the subject with the Australian Colonies' Governments.

Since the interview, Mr. Tarte, a member of the Canadian Government, and Sir Sandford Fleming, have arrived in London, and we shall doubtless have the benefit of their sympathy and help in any further negotiations that may be necessary with regard to the Pacific cable.

I have, &amp;c.,

The Hon. the Premier, Wellington.

W. P. REEVES, Agent-General.

## Enclosure 1 in No. 54.

The AGENT-GENERAL for NEW SOUTH WALES, London, to the Hon. the PREMIER, Sydney.

(Telegram.)

London, 6th July, 1899.

PACIFIC CABLE meeting, Tuesday: Secretary of State for the Colonies and Chancellor of the Exchequer, with High Commissioner for Canada, and Agents-General for New South Wales, Victoria, New Zealand, and Queensland. Imperial Government now offers to co-operate fully with colonies in raising capital for cable, and in construction and management. Proposes this should be carried out by Board of Commissioners located in London, selected by contributing Governments as follows: The United Kingdom, three members; Canada, two; Australia and New Zealand, together, three. England asks for this proportion of representation as proposes virtually provide the capital, any annual deficiency for interest, and perhaps sinking fund, being met in proportions already agreed upon. Imperial Government suggests preliminary steps should be taken by provisional Board thus appointed to invite tenders, arrange scheme of management, settle rates, and other preliminaries with a view to preparing for legislation. Imperial Government suggests that rates should be unanimously agreed to at outset, any subsequent changes to be authorised by a fixed majority of Board. If you generally agree to scheme thus provisionally outlined, desirable that members of Board be nominated promptly and should be capable business-men. This message to be communicated by you to three colonies interested. [See also No. 66, F.-8, 1899.]

## Enclosure 2 in No 54.

The AGENT-GENERAL for NEW SOUTH WALES, London, to the Hon. the PREMIER, Sydney.

(Telegram.)

London, 6th July, 1899.

PACIFIC CABLE: Message cabled to-day previously seen by Secretary of State for the Colonies, and cabled by High Commissioner to Canada. It was agreed at the suggestion of Secretary of State for the Colonies that it should be left to Australian and New Zealand Governments to decide whether one of three Australasian delegates should be specially representative of New Zealand. Please inform other Governments interested. [See also No. 66, F.-8, 1899; and Nos. 67-74, F.-8, 1899.]

## No. 55.

THE Hon. the PREMIER, Sydney, to the Hon. the PREMIER, Wellington.

(Telegram.)

Sydney, 26th July, 1899.

PACIFIC CABLE: We are awaiting complete replies from other colonies concerned before replying to Agent-General's message. With regard to your share, may I remind you that, although your Committee recommended that you should join with other colonies on basis of guarantee of four-ninths of the cost, your proportion not to exceed one-eighth of the whole cost, your letters of 30th September and 1st October [Nos. 25 and 26, F.—8, 1899] stated that when the Committee's report was being considered the Government would recommend that New Zealand should guarantee one-ninth of the liability. Would like to know clearly whether your final decision is one-eighth or one-ninth.

## No. 56.

The Hon. the PREMIER, Wellington, to the Hon. the PREMIER, Sydney.

(Telegram.)

Wellington, 27th July, 1899.

PACIFIC CABLE: Have now decided that our share of cost shall be fixed at one-ninth.

## No. 57.

The AGENT-GENERAL to the Hon. the PREMIER.

Westminster Chambers, 13, Victoria Street,

London, S.W., 29th July, 1899.

(Memorandum).

PACIFIC CABLE: I beg to transmit herewith copy of correspondence between the Colonial Office and the Eastern Extension Australasia and China Telegraph Company on the subject of the all-British Pacific cable project.

WALTER KENNAWAY,  
For the Agent-General.

The Hon. the Premier, Wellington.

## Enclosure 1 in No. 57.

The UNDER-SECRETARY of STATE for the COLONIES, to the MARQUIS of TWEEDDALE.

MY LORD,—

Colonial Office, Downing Street, S.W., 10th July, 1899.

I am directed by Mr. Secretary Chamberlain to acquaint you that he has had before him the letter which you addressed to the Marquess of Salisbury on the 17th May [see Enclosure in No. 58], submitting the objections entertained by the Eastern Extension Telegraph Company to the proposals in relation to the all-British Pacific cable project, contained in the recently-published correspondence between this department and the High Commissioner for Canada and the Agents-General for the Australasian Colonies.

2. You maintain that "the grounds upon which the proposals contained in the letter are based appear to be a departure from the principles hitherto acted upon by Her Majesty's Government," and that the reasons by which that departure has been sought to be justified are "wholly inadequate," and further, that "Her Majesty's Postal and Telegraphic Department has hitherto acted upon the principle of alliance, and not interference, with private enterprise."

3. Mr. Chamberlain is unable to accept this statement as a complete or accurate record of the practice of Her Majesty's Government, or of the principles which have guided, and ought to guide, them in dealing with such matters. He cannot admit that there is any rule or formula of universal and permanent application such as you suppose, limiting the functions of the State in regard to services of public utility.

4. With the progressive development of society, the tendency is to enlarge the functions and widen the sphere of action of the central Government, as well as of the local authorities, and to claim for them the more or less exclusive use of powers and the performance of services, where the desired end is difficult to attain through private enterprise, or where the result of entrusting such powers or services to private enterprise would be detrimental to the public interest, through their being in that event necessarily conducted primarily for the benefit of the undertakers rather than of the public. This tendency is specially manifested in cases where, from the magnitude or other conditions of the enterprise, the public is deprived of the important safeguard of unrestricted competition, and in many cases, as your Lordship is aware, where it has been considered inexpedient or impracticable for the State to foster or enter itself upon competition, the Legislature has deemed it necessary to step in and impose conditions and restrictions for the protection of the public interests.

5. It is only by public expediency and advantage that the question whether a service should or should not be undertaken or assisted by the State can be finally decided, and any rules or formulæ which may be adopted at one time as a general expression of opinion as to the limits within which the action of the State should be confined may be wholly insufficient and inapplicable at another.

6. That the action of the Postal Department, to which you specially refer, has been limited by any such rules as you allege appears to be a complete misapprehension: for many years in the matters of life assurance and annuities, banking, carriage and distribution of parcels, &c., the Postal Department has been in active competition with private enterprise. In the case of inland telegraphs and of cable communication with the Continent of Europe it has entirely superseded

the private companies. Closely analogous to the action of the State in the cases referred to is the action taken by municipal authorities with the authority of the Legislature in competing with or superseding private companies for the supply of electric light, gas, water, tramways, and other public services.

7. These instances may be sufficient to show that there is no such general or final rule as you suppose. Your Lordship's main case, however, appears to rest upon what you describe as "the absolute inadequacy of the grounds upon which this serious interference with private enterprise is based." I am to point out that you do not attempt to show in what way the project is an interference with private enterprise; and that you ignore altogether the real grounds upon which Her Majesty's Government have agreed to take part in the project, and assert that "the all-British cable is stated to be required primarily to facilitate telegraphic communication between Australia and Canada, and, secondarily, the Australasian Governments expect indirectly to obtain by it a reduction of the cable charges."

8. Mr. Chamberlain is not aware that it has been stated by any responsible person in the colonies, and it has certainly not been urged by Her Majesty's Government, that the cable is primarily required to facilitate telegraphic communication between Canada and Australia.

9. It will certainly have that effect, and on that account alone, as a measure tending to bring these parts of Her Majesty's dominions into closer touch and more intimate relations with each other, it would deserve the sympathy of Her Majesty's Government. The smallness of the number of messages passing between Australia and Canada, instead of being an argument against the project, is in fact strong reason why Her Majesty's Government should do what is in their power to facilitate and stimulate its growth. With a tariff so high as 6s. to 6s. 3d. a word, the small amount of the present traffic can occasion no surprise, and, in view of the rapid development which is taking place in Western Canada, a large immediate increase may confidently be anticipated as soon as messages can be sent at the much lower rate which the Pacific cable will render possible, and of course a similar development of the traffic with the United States may be looked for.

10. But though the establishment of the proposed cable will have the effect of bringing Canada and Australasia nearer together, it is primarily as supplying a link in a telegraphic system connecting this country with its possessions in Australasia that the project must be judged, and as providing an alternative route wholly under British control to those possessions and also, in case of emergency, to the East.

11. It is primarily because they consider the possession of such an alternative route desirable that Her Majesty's Government have decided to support the project, and though it is the case that another route, *via* the Cape, would offer greater advantages from a purely strategic point of view, the colonies interested decline to lend any support to a cable by that route, and in a matter in which they are so vitally interested and in which their co-operation is desired it is the duty of Her Majesty's Government to respect colonial feeling, the more so as it is the first time in the history of the Empire that two great colonial groups have approached Her Majesty's Government with a view to a joint undertaking for the furtherance of commercial, political, and social relations.

12. It is no doubt expected, both in Australasia and in this country, that the opening of the new cable route will lead to a reduction in the rates for messages, an object of great importance to the trade of this country and of Australasia, and Mr. Chamberlain is unable to admit that there is any obligation on Her Majesty's Government to abstain from taking part in the project on that account, or to choose the alternative route offered by the company, which would involve a heavier liability to Her Majesty's Government and the colonies with no prospect of a reduction of rates.

13. You allege that the British Government has never granted subsidies for the purpose of reducing rates, and that in this instance, especially, it would be unfair to do so. In the paragraph immediately preceding, however, you mention the fact that subsidies for that purpose had been granted by the Australasian Governments, and a reduction of rates was made a condition of the subsidies secured to the Eastern and South African Telegraph Company in respect of the lines down the east coast of Africa by the agreements of 9th and 10th July, 1895, between that company and Her Majesty's Government. Apparently your objection is not to the grant of a subsidy with the object of reducing rates, but to its being granted to aid a project which may to some extent compete with the system of the Eastern Extension Telegraph Company.

14. As already stated, the cheapening of telegraphic communication is an object of the greatest importance to the public, and at a time when both in this country and the colonies there is a general desire for promoting and extending their mutual commerce, it appears to Mr. Chamberlain that any proposal which, by diminishing the cost of telegraphic communication, tends to facilitate and promote commercial intercourse is *prima facie* deserving of consideration, even though it may for a time diminish the receipts of the section of the public which is pecuniarily interested in existing cable systems.

15. Your statement that such competition by the State is "opposed to the whole spirit of the International Telegraph Convention" is one which it is impossible to discuss in the absence of any indication of the provisions of the convention upon which it is founded, and Mr. Chamberlain can only state that he is unable to find anything in that instrument to warrant your inference.

16. Your offer on behalf of the company "to establish a Pacific cable on reasonable terms, provided that the cable can be laid *via* Honolulu," is not one which Her Majesty's Government can entertain.

17. The object of Her Majesty's Government and the colonies is to secure an alternative route under British control throughout, and the Vancouver-Great Britain section to which you refer only requires the construction by the Canadian Pacific Railway Company of a short length of landline, or the use as far as Montreal of the line of the Western Union Company to insure that. It is, moreover, the desire of the colonies that the new route should be independent, and under the

immediate control and direction of the Governments concerned, so that the public interests for the sake of which it is required may be the first object in its administration. This question and that of the feasibility of a cable *via* Fanning Island were exhaustively considered by the Committee, and Her Majesty's Government see no reason to differ from its conclusions.

18. In regard to the concluding portion of your letter, in which you appear to urge that the decision of Her Majesty's Government to support the Pacific cable scheme will give rise to a claim for compensation on the part of the company which you represent, Mr. Chamberlain is unable to see on what grounds such a claim can be based. He has already shown that where the performance of a public service is in question there is no such general principle of non-competition by the State with private enterprise, as you allege, and in the present instance the primary object is not competition, but the establishment of a new service required in the public interest, traversing a route which is practically not served at present.

19. That the service rendered by the Eastern and Eastern Extension Companies has been generally efficient Mr. Chamberlain gladly acknowledges, and would regret if the accomplishment of the Pacific cable scheme were to lead to any diminution of that efficiency; but the fact that the service has been efficiently performed hitherto cannot justify a claim for compensation from Her Majesty's Government in the event of their establishing an alternative service which may have the incidental effect of reducing to some extent the profits derived from that part of the existing service of the companies, which may be said to have been constructed expressly for Australasian traffic. No guarantee, either express or implied, has been given to the companies by Her Majesty's Government, either in respect of the amount of traffic or the amount of profit on that traffic, nor any guarantee against competition; and though it will be the duty of Her Majesty's Government, in so far as they may be responsible for the working of the Pacific cable, to avoid unnecessary injury to the interests of the shareholders in the Eastern Company, their primary duty must be to the interests of the public.

20. As already pointed out, there will be a large development of the traffic between Canada and the United States and Australasia and the East which will naturally fall to the Pacific cable, and apart from the natural increase in the traffic between the United Kingdom and Australasia, a reasonable lowering of rates will certainly lead to an increased volume of business, and it is from these sources rather than by any diversion of business from the Eastern Extension Company that the new cable will look for employment. There is no intention of working the new cable on other than commercial lines, and at remunerative rates.

21. The service which Her Majesty's Government and the colonies desire is one which neither the Eastern Telegraph Company nor any other private enterprise is prepared to undertake on terms which can be considered in comparison with the terms upon which it can be provided by the associated Governments. It is a public service as much as the carriage of parcels, the provision of life assurance, the building of light railways or of ships of war, and Her Majesty's Government cannot find any reason why in the one case a private enterprise with which the Government work may compete should be considered entitled to compensation and not in the others.

22. I am to remind you, moreover, that by the time the existing subsidies to the Eastern Extension Company expire it will have received in direct payments from the Governments of Australasia a sum of nearly one million sterling, which must be sufficient to have covered a large part of the capital outlay incurred in opening communication with that country, so that it can have little cause for complaint if it is now exposed to competition.

23. If the competition arose from another private company, there would obviously be no claim for compensation, and Mr. Chamberlain is unable to see why, so long as the project is conducted on commercial principles, fair competition by the State should give rise to a claim for compensation which would not be suggested for a moment if the competitor were a private person or company, however wealthy or influential.

24. The competition in so far as it may arise will, your Lordship admits, be confined to a very limited part of the vast area served by the lines of the Eastern and Eastern Extension Companies, and it has already been pointed out that the Pacific project will derive a considerable part of its traffic from sources at present undeveloped, and Mr. Chamberlain is satisfied that, with that new business and the large increase due to the reduction of rates, there will be ample and remunerative work for both routes, and that, while the public will undoubtedly receive a substantial benefit from the improvement and cheapening of communication, the companies will be relieved to a considerable extent from the heavy drafts which they now consider it prudent to make upon their revenue for the purpose of adding to the capital value of their enterprise.

The Marquess of Tweeddale.

I am, &c.,  
SELBORNE.

#### Enclosure 2 in No. 57.

The MARQUIS of TWEEDDALE to the UNDER-SECRETARY of STATE for the COLONIES.

Eastern Telegraph Company (Limited) and Eastern Extension Australasia and China  
Telegraph Company (Limited), Winchester House, 50, Old Broad Street,  
London, E.C., 19th July, 1899.

MY LORD,—

I have the honour to acknowledge the receipt of your Lordship's letter of the 10th instant replying to a letter which I addressed to the Prime Minister on the 17th May last, submitting the objections entertained by the Eastern and Eastern Extension Telegraph Companies to the proposals in relation to the "all-British Pacific-cable project" contained in the recently-published correspondence between the Colonial Department and the High Commissioner for Canada and the Agents-General for the Australasian Colonies.

2. These objections are in no sense new, as the Chancellor of the Exchequer seemed to think when he received the deputation from the companies on the 29th ultimo, and stated that their novelty put the companies out of Court. They were all, in substance, stated by myself in evidence before the Pacific Cable Committee in November, 1896; and until the publication of the Colonial Department's letter to the High Commissioner and Agents-General of the 28th April last [Enclosure in No. 42, F.—8, 1899], which therefore preceded the publication of the report by several days, I had no reason to suppose that Her Majesty's Government would so gravely depart from the course heretofore pursued, and thus disregard the opinions expressed by successive Postmasters-General and the evidence given by the permanent officials of the Postal Department. The delay in publishing the report of the Pacific Cable Committee until the 4th May of the present year (nearly two and a half years after it was signed) confirmed my impression that Her Majesty's Government attached more weight to the evidence laid before the Committee than to the recommendations of the Committee, since it was a foregone conclusion that the Committee would be in favour of the scheme—seeing that four out of the six members were avowed advocates of it. As, however, our objections appear to have been forgotten, and are now treated as new, it is necessary that I should reply to your Lordship's letter in some detail.

3. In reply to the first five paragraphs of it, I must observe that I have never suggested "that there is any rule or formula of universal and permanent application limiting the functions of the State in regard to services of public utility"; nor did I, in my letter to Lord Salisbury, question the right of the Imperial Government to make any arrangements required in the interests of the Empire, whatever effect such arrangements might have upon private enterprise—assuming always that due compensation were made; but I must still maintain that the grounds upon which the proposals of the Colonial Department are based appear to be a departure from the principles hitherto acted upon by Her Majesty's Government, and that the reasons by which that departure has been sought to be justified appear wholly inadequate.

4. The limited facilities granted by the Government in life assurance, annuities, and savings-banks—chiefly for the promotion of thrift amongst the working-classes—referred to in the 6th paragraph of your Lordship's letter, appear to me to have but little bearing on the present question. The carriage and distribution of parcels have been initiated by the Post Office under agreements satisfactory to the railway companies; but the case of the inland telegraphs and cable communications with the Continent of Europe, referred to in the same paragraph, is precisely analogous to that of the companies.

5. Both the Chancellor of the Exchequer and the Colonial Secretary seem to have forgotten the fact that the inland telegraphs and cable communications with the Continent of Europe were not taken over by the Government until it had bought up or compensated all the private companies by which those enterprises had been created and carried out. This was then admitted to be a necessary condition; and, with this case precisely in point, it is scarcely necessary to go into the question of the various special circumstances under which municipal authorities have been authorised to enter upon the supply of electric light, gas, water, tramways, and other public services. As, however, the Chancellor of the Exchequer laid stress upon the Government's action in regard to "light" railways, and the matter is also alluded to in your Lordship's letter, I would again reply that the only projected "light" railway that was likely to compete with an existing line failed, solely on that ground, to obtain the necessary sanction of the Board of Trade.

6. With regard to the statement in the 7th paragraph of your Lordship's letter, that I had not attempted "to show in what way the Pacific-cable project is an interference with private enterprise," I referred, in my letter to the Prime Minister, to the fact that the colonial proposals are based upon the anticipation that from a third to a half of the European-Australasian traffic now carried by the Eastern and Eastern Extension Companies would be abstracted from those companies for the profit of the Pacific-cable scheme; and I know not in what clearer way I could show that the project is an interference with private enterprise if this does not suffice. The Fleming's estimate that a half of the existing European-Australasian traffic would be diverted evidence of the promoters of the scheme laid before the Committee was based upon Sir Sandford to the new cable, and the report of the Committee was based upon the estimate that, at all events, between one-third and one-half would be so diverted.

7. With further reference to the same paragraph and to paragraph 8, the fact that the Pacific-cable scheme has not been initiated by Her Majesty's Government, but entertained under pressure from Canada and Australasia—and especially Canada—appeared to me to justify the belief that the Pacific cable was proposed primarily with the object of facilitating telegraphic communication between Canada and Australia, and, secondly, to obtain, indirectly, by it a reduction of cable charges to Australia. The first resolution of the Conference at Ottawa in 1894, which practically formed the basis of the scheme, was "that in the opinion of this Conference immediate steps should be taken to provide telegraphic communication by cable—free from foreign control—between the Dominion of Canada and Australasia." Whatever, therefore, may be the ulterior views of the Imperial Government, it appears that the primary object of the chief promoter of the scheme was, and is, to facilitate telegraphic communication between Australasia and Canada. It is to this motive I referred as being wholly inadequate to justify the laying of a Pacific cable.

8. It certainly had not occurred to me until I read the 9th paragraph of your Lordship's letter that "the smallness of the number of messages passing between Canada and Australasia" could be used by any one as an argument in favour of incurring large capital outlay upon a Pacific cable. If this were so, it would logically follow that if there were no traffic at all the necessity for such a cable would be still greater.

9. With regard to the hypothesis of a "large immediate increase" of traffic between Australasia and Canada consequent upon the reduction of the present tariff of 6s. or 6s. 3d. a word, I would observe that that tariff for so long a distance is by no means a prohibitive one, seeing that,



in proportion to distance, it is less than the low competitive tariff on the Atlantic cables; and that if it were reduced by one-half, or even one-third, it would, according to telegraph experience, be several years before the traffic was sufficiently increased to make up the same revenue. In the meantime the revenue would not be increased, but, on the contrary, diminished. If, therefore, as represented by Canada, the chief promoter of the scheme, the primary object is to facilitate telegraphic communication between Australasia and Canada, I think I am abundantly justified in stating that this motive is wholly inadequate and insufficient to warrant the construction of a Pacific cable; nor can I believe that the people of Canada will be benefited by being taxed for such an object on such inadequate grounds, however much the scheme may profit individuals.

10. Deferring for a moment the consideration of the object of an alternative route, I desire, in reference to the 12th paragraph of your Lordship's letter, to remind you that the tariff to Australia was raised to its present rate at the urgent request of the Australasian Colonies, and this appears to me to disentitle those colonies to press at the present time for a reduction without taking part in the loss which it would occasion. Such a claim seems inconsistent with good faith in view of the subsisting agreement between the telegraph companies and the Australasian Colonies fixing the tariff at 4s. 9d. per word.

11. As to the 13th paragraph, it is true that the companies' chief objection is to the granting by Her Majesty's Government of a subsidy or other pecuniary aid in order to establish Government competition with their system, which, as pioneers, they have created at considerable risk, and by the expenditure of many millions of British capital, to the great benefit of the Empire. Such a course, I submit, is entirely at variance with the principles upon which the Government has hitherto acted.

The late Mr. Raikes, when Postmaster-General, stated, with regard to the Pacific-cable scheme, that "it would be without precedent for the English Government itself to become interested in such a scheme in such a way as to constitute itself a competitor with existing commercial enterprises carried on by citizens of the British Empire. There would be a very serious question raised, and it will probably extend to other forms of British enterprise—for example, railways."

Mr. Leonard Courtney, when Secretary to the Treasury, also wrote, "It would be highly inexpedient to encourage, upon light grounds, competition against a company in the position of the Eastern Telegraph Company, which has embarked large capital in existing lines."

The permanent official representing the Post Office before the Pacific Cable Committee confirmed this evidence by stating "that there was no precedent for the Imperial Government alone, or the Imperial Government associated with the colonies, managing or seeking business for a line of this kind."

12. With regard to the 15th paragraph, the same official stated that competition between Government Telegraph Departments was contrary to the terms of the International Telegraph Convention, and that "it might afford another ground for complaint on the part of the existing companies that the Government would be acting contrary to the terms of the spirit of the International Telegraph Convention."

13. I learn, however, from the 10th and 11th paragraphs of your Lordship's letter, that, whether or not the grounds urged by the colonies are adequate or justifiable, Her Majesty's Government have decided to support the project, "as providing an alternative route wholly under British control to the Australasian Colonies, and also, in case of emergency, to the East." It is, however, admitted by your letter "that another route *via* the Cape would offer greater advantages from a purely strategic point of view," and that route would certainly offer greater commercial advantages, since the traffic between the Cape and Australasia is four times larger than that between Canada and Australasia.

14. The inducement to Her Majesty's Government to adopt the less advantageous route by the Pacific appears to be that the representatives of Canada prefer, and offer to contribute to, that scheme. I have already pointed out the insignificance of the Canadian-Australasian traffic. Your Lordship, however, appears to be labouring under a misapprehension in stating that "the colonies interested decline to lend any support to a cable by the Cape route," as some of the Australasian Colonies have already indicated preference for that route, and others would, I believe, be willing to support it if coupled with a reduction of rates. The companies have already intimated their willingness to make such a reduction on fair terms, even before the expiration of the subsisting tariff agreement. It appears therefore premature, at least, for Her Majesty's Government to favour the less advantageous route on the assumption that a Cape cable would receive no support from the Australasian Colonies; but, in order to meet this difficulty, the companies are now prepared to provide cable communication between the Cape and Australia without requiring any pecuniary assistance from either the colonies or Her Majesty's Government; and, as you are aware, proposals by the companies for laying an additional cable between this country and the Cape have been for more than two years under the consideration of Her Majesty's Government.

15. In estimating the cost of the Pacific scheme, Her Majesty's Government must, I respectfully submit, take into consideration the fact that if that scheme is carried out claims for compensation will undoubtedly be made both on behalf of the South Australian Government and of the companies. The ground on which the companies' claim will be based is precisely that which was acknowledged by Her Majesty's Government in the case of the acquisition of the inland telegraphs and Channel cables above referred to.

16. I am glad to observe in paragraph 19 of your Lordship's letter that the duty of the Government is recognised to avoid unnecessary injury to the interests of the shareholders of the telegraph companies by the working of the Pacific cable, should it ever be laid. A first element of such duty would be to secure to the companies the power of equal competition for the European-Australasian traffic, and this would necessarily comprise the right to collect and deliver their international messages in Australasia in the same manner as prevails in this

country, otherwise the companies would be entirely dependent upon the offices of their competitors for the collection and delivery of their international traffic in Australasia.

17. With regard to the 20th paragraph of your Lordship's letter, I have already pointed out the fallacy of supposing that there will be a large development of revenue arising from the traffic between Canada and the United States and Australasia, or that the lowering of rates will immediately increase the general revenue arising from the Australasian traffic. I am at a loss to understand the statement in this paragraph that "it is from these sources" (really non-existent) "rather than by any diversion of business from the Eastern Extension Company that the new cable will look for employment, and that there is no intention of working the new cable on other than commercial lines, and at remunerative rates." If Her Majesty's Government really imagines that the traffic between Canada and the United States of America and Australasia, together with the increased volume of business which a reasonable lowering of rates is expected to produce, can give remunerative employment to a Pacific cable, this is an absolute delusion; for the report of the Committee avows that, even with the diversion of between one-third and one-half of the companies' European-Australasian traffic, and the estimated—and, indeed, overestimated—annual increase of 10 per cent. (which my former letter showed to be greatly exaggerated), no profit, taking into consideration the necessity for a duplicate cable, can be expected from the scheme for at least ten years—even with the aid of Her Majesty's Government in raising the money at  $2\frac{1}{2}$  or  $2\frac{3}{4}$  per cent. Such a scheme, I submit, is not framed on commercial lines.

18. If the Pacific-cable scheme is carried out as now threatened by Government capital, regardless of profit or loss, and so as to deprive the companies (as the promoters and Committee avow it is intended to do) of from one-third to one-half of their European-Australasian traffic; and if beyond this a large reduction of tariff is forced upon them, inflicting a further loss; and if with all this loss the working-expenses are not reduced, but, on the contrary, augmented by the increased volume of traffic—what prospect is there of the companies being able long to withstand a competition carried on on such unequal and unprecedented terms? How, moreover, could the companies then form and maintain a reserve fund necessary for the maintenance and renewal of their lines, or for the necessary extensions required by commerce; which reserve fund, however, the last paragraph of your Lordship's letter, in disregard of telegraph experience, appears to consider superfluous, and, at all events, which the Government seems to ignore? Further, it would be difficult, if the principle of Government-owned cables were once adopted for Australia, for future Governments to refuse similar facilities to other colonies and dependencies of the British Empire. I cannot conceal from myself the grave danger to the companies which these proposals entail, and I am convinced it will be little for the benefit either of Her Majesty's Government or of the Empire if, by this unprecedented, and, as I submit, unfair competition, one of the most widely beneficial enterprises this century has seen should be unjustly crushed.

19. Mr. Chamberlain, when receiving the companies' deputation, expressed the opinion that the companies' fear that the Government was entering into this competition without regard to its own profit or loss was entirely groundless. I respectfully submit that I have shown the contrary. Mr. Chamberlain concluded by saying, "If any Government were mad enough, or the House of Commons were inclined to allow any Government, to spend the money of the taxpayers in order to enter into a violent competition for the purpose of destroying a private industry, then, no doubt, your position would be a dangerous one; but that idea appears to me to be wholly chimerical. The Government is not at all likely to do that. If any Chancellor of the Exchequer were found weak enough to allow it, the House of Commons would step in and prevent it."

I regret that I cannot believe that these fears are chimerical, and can only hope that the Chancellor of the Exchequer, or the House of Commons, will prevent a competition so disastrous and unjust.

I have, &c.,

The Right Hon. the Earl of Selborne, P.C., &c.,  
Under Secretary of State for the Colonies.

TWEEDDALE, Chairman.

## No. 58.

The AGENT-GENERAL to the Hon. the PREMIER.

Westminster Chambers, 13, Victoria Street, London, S.W.

(Memorandum.)

2nd August, 1899.

PACIFIC CABLE: Referring to my memorandum of the 29th ultimo, I beg herewith to enclose duplicate copies of the letter from the Colonial Office to the Marquis of Tweeddale, dated 10th July, and of his Lordship's reply of 19th July. I take this opportunity of enclosing copy of the Eastern Telegraph Company's letter to the Marquis of Salisbury, of the 17th May last, which is referred to in the Colonial Office letter of 10th July.

WALTER KENNAWAY (for the Agent-General).

The Hon. the Premier, Wellington.

## Enclosure in No. 58.

The Marquis of TWEEDDALE to the Marquis of SALISBURY.

Eastern Telegraph Company (Limited) and Eastern Extension Australasia and China  
Telegraph Company (Limited), Winchester House, 50, Old Broad Street,

MY LORD MARQUIS,— London, E.C., 17th May, 1899.

Referring to the letter addressed by the Colonial Office to the Agents-General for the Australasian Colonies and the High Commissioner for Canada on the 28th ultimo [Enclosure in

No. 42, F.-8, 1899], and which has recently been published, in relation to the all-British Pacific-cable project, I desire respectfully to submit to your Lordship the very grave objections which the Eastern and Eastern Extension Telegraph Companies entertain to the proposals contained in that letter.

I do not, of course, question the right of Her Majesty's Government to make any arrangements required in the interests of the Empire, whatever effect such arrangements may have upon private enterprise—always assuming that due compensation will be made for interference with private rights—but I venture to point out that the grounds upon which the proposals contained in the letter are based appear to be a departure from the principles hitherto acted upon by Her Majesty's Government, and that the reasons by which that departure has been sought to be justified are wholly inadequate.

I would remind your Lordship that Her Majesty's Postal and Telegraph Department has hitherto always acted upon the principle of alliance, and not interference with private enterprise; and I beg to draw your attention to the language used by Mr. Raikes and Mr. Fawcett, when Post-masters-General, and by Mr. Lamb, to show that the arrangements now contemplated are without precedent (Pacific Cable Committee Proceedings: Questions 1930, 2216 to 2221, 2230 and 2231 [not printed: presented to British Parliament, April, 1899]).

In this connection I would venture to observe that there is no difference in principle between Her Majesty's Government entering into direct competition with a private company and subsidising colonial Governments to enable those Governments to embark in such competition.

But I especially desire to urge upon your Lordship the absolute inadequacy of the grounds upon which this serious interference with private enterprise is based. The all-British Pacific cable is stated to be required, primarily, to facilitate telegraphic communication between Australia and Canada; and, secondarily, the Australasian Governments expect indirectly to obtain by it a reduction of the cable-charges. The total Australasian cable-traffic was reported by the Committee to be about 1,860,000 words per annum.

Now, the only evidence laid before the Committee with regard to the cable-traffic between Canada and Australasia was that in September, 1896, the number of messages exchanged between the two countries was thirty-five. This, at an average of thirteen words to a message, would represent 5,460 words per annum, which, at the present tariff of about 6s. 3d. per word, would amount to £1,706 per annum. For this trifling traffic it is proposed that the Imperial Government should give a guarantee of £20,000 a year; and the Canadian Government even urges the Imperial Government to provide a capital sum of, roundly, half a million sterling, and proposes itself to expend a similar amount. The Australasian traffic with the United States, according to the same evidence, may amount to about 100,000 words per annum, but even this—which is only about 5 per cent. of the Australasian traffic—is in itself wholly inadequate to justify the laying of a Pacific cable.

It should also be remembered that the Australasian Colonies are by no means unanimous in support of the Pacific-cable project, and that South Australia submitted to the Committee a claim for compensation in the event of the scheme being carried out and resulting in loss to that colony. The main motive of those Australasian Colonies who advocate the scheme is the expected reduction of tariff; but this, I submit, they are not entitled to claim under the circumstances.

As your Lordship is well aware, the Eastern and Eastern Extension Companies have expended millions of British capital in providing telegraphic communication between this country and the East, and this outlay was made, and the cables laid with considerable difficulty and risk, without any financial assistance from Her Majesty's Government.

Having regard to this outlay, the tariff between Europe and Australia was, in 1886, fixed at 9s. 4d. per word, and when the traffic had somewhat developed certain of the Australasian Governments negotiated with the companies for a reduction of tariff to 4s. per word (Questions 1786 to 1796). The companies agreed to the reduction on condition that they were partially guaranteed against excessive loss arising from it, and the Australasian Governments entered into a guarantee to make good to the companies one-half of any loss in consideration of the tariff being reduced to 4s. per word. The reduced tariff was brought into operation on the 1st May, 1891, but the loss from the reduction was found to be so great that the Australasian Governments very soon requested the companies to raise the tariff to its present amount of 4s. 9d. per word in order to reduce the sum payable under their guarantee. The companies were quite willing to try the experiment for a longer period, and, indeed, endeavoured to induce the colonies to maintain the 4s. rate; but the colonies insisted upon the tariff being raised and the companies had no option but to reluctantly acquiesce in that retrograde course. The agreement under which the tariff was fixed at 4s. 9d. per word has another year to run before the arrangement comes to an end, but even at this figure of 4s. 9d. the tariff is one of the cheapest in the world in proportion to distance. It was, moreover, proved before the Committee (Questions 2230 and 2510) that the British Government had never granted subsidies for the purpose of reducing rates, and in this instance especially I submit that it would be unfair to do so.

There is a further dominant motive which the colonies, and especially the Dominion of Canada, can scarcely avow. The colonies have been persuaded, not wholly by disinterested influences, that even a half or one-third of the European-Australasian traffic now carried by the Eastern and Eastern Extension Companies would, if diverted from these companies, be sufficient to yield a profit upon the estimated expenditure for a Pacific cable; and they desire to divert from the companies as much as possible of their gross income from the European-Australasian traffic for their own profit, and this under the plea that it is necessary for the improvement or development of the inconsiderable traffic between Australasia and America. I am advised that the experiment of a Pacific cable carried out as proposed, *via* Fanning Island, would be attended by considerable risk, and be of very doubtful commercial value. In this connection I may perhaps be allowed to mention that instead of showing an annual increase of 10 per cent., as

estimated by the Committee in their calculations of revenue, the Australasian traffic for 1898 shows a decrease in words of 6·52 per cent. as compared with the traffic of 1897, while the traffic for the year 1897 showed a falling off 8·80 per cent. as compared with 1896; but, be this as it may, I submit that the motive thus baldly stated is not one which the Imperial Government should sanction or approve.

Your Lordship will doubtless have considered, in connection with this subject, the advantages which the Empire might secure by an alternative cable route between Great Britain and Australia; but I think I am well founded in the belief that the naval, military, and other technical advisers of the Government consider that the route suggested by the companies for an all-British cable, *vid* the Cape of Good Hope, would be far better both for strategic and commercial purposes than the all-British Pacific project. The Cape route is a practicable one, adapted to Imperial requirements, and the companies some two years ago submitted to Her Majesty's Government a proposal for providing this alternative communication on very moderate terms.

I would respectfully urge on the part of the companies that Her Majesty's Government ought not to give their sanction and preference to a less advantageous project on any such inadequate grounds as those to which I have adverted. Moreover, it was stated by the Committee that the Pacific scheme would not be an entirely all-British route, because the communication from Great Britain to Canada would be either by an American cable in connection with Canadian land-lines or by an English cable connected with American land-lines.

If, however, for reasons unknown to me, Her Majesty's Government ultimately decide to support the Pacific scheme, the companies would, as they stated to the Committee, be quite willing to undertake to establish a Pacific cable on reasonable terms, provided that the cable can be laid *vid* Honolulu. The objection that such route would not be all-British is, I submit, more sentimental than real, inasmuch as the Vancouver-Great Britain section would, as has been pointed out by the Committee, not be an all-British route. The acceptance of this proposal would avoid claims for compensation which the Pacific scheme, if carried out, would necessarily give rise to, and would also avoid the imputation of unfairness on the part of the British Government in contravention of all precedents.

In this country, whose prosperity has been built up by the energy of private enterprise, I venture to hope that your Lordship will not sanction any deviation from the important principle of non-competition by the State with private enterprise. Such competition is, moreover, opposed to the whole spirit of the International Telegraph Convention.

I need not advert to the efficient manner in which the companies' service is conducted (their cables having been duplicated throughout, and in places triplicated and quadruplicated), since this was admitted before the Committee; nor need I refer to the important services which the companies have at various times, and on critical occasions, been able to render to Her Majesty's Government, as this was also admitted by the witnesses and by the Committee. If the companies do not claim favour on this account, they are at least entitled to justice, and it is an appeal to justice that I thus venture to make to your Lordship.

The Most. Hon. the Marquis of Salisbury, K.G., &c.

I have, &c.,

TWEEDDALE, Chairman.

### No. 59.

The SECRETARY of STATE, Ottawa, to the Hon. the PREMIER, Wellington.

Department of Secretary of State, Minister's Office,  
Ottawa, 3rd August, 1899.

SIR,—

I am in receipt of your letter of 6th July [not printed], calling my attention to the omission to forward you the Pacific cable documents in accordance with the letter I had written on the 23rd May [not printed].

I cannot understand how the inadvertence arose, but have much pleasure now in enclosing you two copies of the papers and reports on the subject, brought down to a recent date.

The Parliament of Canada has passed a Bill authorising Canada to guarantee the payment of five-eighths of the principal of the debentures to be issued, the capital being fixed at £1,700,000. I hope no further time will be lost in pressing this important enterprise to completion.

The Right Hon. R. J. Seddon, Premier, Wellington.

Yours, &c.,

R. W. SCOTT.

### No. 60.

The Hon. the PREMIER, Sydney, to the Hon. the PREMIER, Wellington.

(Telegram.)

Sydney, 4th August, 1899.

THE following cable was forwarded by me yesterday to the Agent-General for New South Wales, London, concerning the Pacific cable, namely: "We agree to your proposals regarding Pacific cable. We think it advisable that Board should consist of nine members—New South Wales, one; Victoria, one; Queensland, one; New Zealand, one. New Zealand and Queensland concur. Victoria will submit matter to Parliament as soon as possible. Is understood with regard to New South Wales, recommendations of provisional Board must be subject to approval. We are quite prepared to nominate representative."

## No. 61.

The AGENT-GENERAL to the Hon. the PREMIER.

Westminster Chambers, 13, Victoria Street, London, S.W.,

4th August, 1899.

SIR,—

Referring to my letter of the 27th July last [not printed], I beg to enclose copy of cable-gram which the Agent-General for New South Wales has received from his Government with respect to the Pacific cable [see No. 60].

I have, &c.,

WALTER KENNAWAY (for the Agent-General).

The Hon. the Premier, Wellington.

## No. 62.

The Hon. the PREMIER to the AGENT-GENERAL.

SIR,—

Premier's Office, Wellington, 5th August, 1899.

I beg to acknowledge the receipt of your letter of the 16th June, forwarding a copy of joint letter addressed by the High Commissioner of Canada and the Agents-General to the Secretary of State for the Colonies on the subject of the Pacific cable.

I have, &c.,

W. C. WALKER (for the Premier).

The Hon. W. P. Reeves, Agent-General for New Zealand, London.

## No. 63.

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

(Telegram.)

Melbourne, 5th August, 1899.

KINDLY wire what you are doing *re* Pacific cable.

## No. 64.

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

(Telegram.)

Wellington, 9th August, 1899.

REPLY your message fifth. New Zealand is committed to Pacific cable on terms agreed upon. It is our intention to get House of Representatives ratify proposals by resolution and make necessary appropriation. We think that each colony should have representative on Board.

## No. 65.

The Hon. the PREMIER, Melbourne, to the Hon. the PREMIER, Wellington.

(Telegram.)

Melbourne, 11th August, 1899.

LAST night Assembly passed resolution authorising co-operation in construction Pacific cable.

## No. 66.

The Hon. the PREMIER, Melbourne, to the Hon. the PREMIER, Wellington.

(Telegram.)

Melbourne, 16th August, 1899.

PACIFIC Cable Board: We have telegraphed to our Agent-General as follows, viz.: "It is very inconvenient for four colonies to have to choose three representatives, but rather than delay matters we will accept the proposed number. Glad to know, however, what is objection to increase of representatives from eight to eleven. Communicate to Secretary of State for Colonies."

## No. 67.

The Hon. the PREMIER, Sydney, to the Hon. the PREMIER, Wellington.

(Telegram.)

Sydney, 16th August, 1899.

URGENT. Consider that four colonies should not reopen question of representative Pacific cable, since strong objections made, and that we should proceed to nominate. Dickson suggests, I concur, that probably best way out of difficulty would be that New South Wales and Queensland nominate one, Victoria and New Zealand one, and that the two agree upon a third.

## No. 68.

The Hon. the PREMIER, Wellington, to the Hon. the PREMIER, Sydney.

(Telegram.)

Wellington, 17th August, 1899.

PACIFIC cable: In respect to this question New Zealand took initiative. As stated in previous telegrams, it would be gracious act on part of yourself, Premiers Queensland and Victoria

to permit New Zealand to appoint one of the three representatives to the Board. This was practically conceded at the Conference in London; but, in deference to the wishes of your Agent-General, the appointment was left to the several Australasian Colonies interested to determine. We cannot delegate our powers as suggested by the Premier of Queensland. Hope you, Dickson, and Turner may see your way to appoint two and leave New Zealand to nominate the third, you agreeing to such nomination, and I, on the other hand, agreeing to the two you nominate.

## No. 69.

The Hon. the PREMIER, Wellington, to the Hon. the PREMIER, Melbourne.

(Telegram.)

Wellington, 18th August, 1899.

PRESUME you have received copy of following cablegram, dated 16th, from Premier, New South Wales: [See No. 67].

## No. 70.

The Hon. the PREMIER, Melbourne, to the Hon. the PREMIER, Wellington.

(Telegram.)

Melbourne, 18th August, 1899.

PACIFIC Cable Board: I have received Reid's message, and have replied as follows, viz: "We are satisfied that we should proceed at once to nominate representatives; but, as to Dickson's suggestion, we would prefer that the four colonies agreed as to the three representatives. It would be as easy for this to be done as for the colonies grouped as Dickson suggests to agree upon one, and more satisfactory. Our Postmaster-General still thinks a confidential meeting of the Postmasters-General of the colonies interested should be held to settle this question and arrange the numerous details that will have to be decided by the representatives when selected. Mr. Duffy is also anxious that the proposal of the Eastern Extension Company should be discussed by the Postmasters-General before final decision."

## No. 71.

The Hon. the PREMIER, Wellington, to the Hon. the PREMIER, Melbourne.

SIR,—

Premier's Office, Wellington, 19th August, 1899.

I have the honour to acknowledge the receipt of your cablegram of the 11th instant, as follows: [See No. 65].

I was much gratified on receiving the intimation. I hope to bring the matter before our House of Representatives in the course of a few days.

I have, &c.,

The Hon. the Premier, Melbourne.

W. C. WALKER (for the Premier).

## No. 72.

The Hon. the PREMIER, Wellington, to the Hon. the PREMIER, Melbourne.

(Telegram.)

Premier's Office, Wellington, 21st August, 1899.

I CONCUR your suggestion conference best way solving difficulty. As I cannot leave during session, suggest Postmasters-General pay our colony visit, hold conference here.

## No. 73.

The AGENT-GENERAL to the Hon. the PREMIER.

(Telegram.)

London, 28th August, 1899.

CANADIAN Postmaster-General sending copy Act providing for Pacific cable. Presumes New Zealand Government will pass necessary legislation.

## No. 74.

The Hon. the PREMIER, Melbourne, to the Hon. the PREMIER, Wellington.

(Telegram.)

Melbourne, 28th August, 1899.

PROPOSED conference of Postmasters-General: It is not practicable to meet in New Zealand while our Parliament is in session. Presume same objection will be raised by other colonies.

## No. 75.

The Hon. the PREMIER, Wellington, to the Hon. the PREMIER, Melbourne.

(Telegram.)

Wellington, 29th August, 1899.

PACIFIC cable: Concur impracticable hold conference present. If Mr. Dickson would agree to three Agents-General representing Victoria, New South Wales, and New Zealand being appointed for first term difficulty could be got over.

## No. 76.

The Hon. the PREMIER to the AGENT-GENERAL.

(Telegram.)

Wellington, 29th August, 1899.

REFERRING message 28th: Be glad receive Canadian Pacific Cable Act. New Zealand Government will endeavour pass similar legislation. So far four colonies unable agree upon three representatives for Board.

## No. 77.

The Hon. the PREMIER, Melbourne, to the Hon. the PREMIER, Wellington.

(Telegram.)

Melbourne, 30th August, 1899.

PACIFIC CABLE: This colony has no objection to the course you propose—viz., to appoint Agents-General of New South Wales, Victoria, and New Zealand.

## No. 78.

The AGENT-GENERAL to the Hon. the PREMIER.

Westminster Chambers, 13, Victoria Street, London, S.W.,  
30th August, 1899.

SIR,—

Referring to my cablegram of the 28th instant relating to the Pacific cable and to your reply of the 29th instant, I beg herewith to transmit copy of letter which I have received from the Postmaster-General of Canada, enclosing copy of "The Pacific Cable Act, 1899" [not printed], which has been passed by the Dominion Legislature.

It will be seen that the Hon. Mr. Mulock asks for a copy of the Bill which may be introduced into the New Zealand Parliament.

The Hon. the Premier, Wellington.

I have, &amp;c.,

W. P. REEVES.

## Enclosure in No. 78.

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

MY DEAR MR. REEVES,—

Ottawa, 14th August, 1899.

I have to congratulate you and your associates from Australasia upon the success which has attended your efforts in the work of the Pacific cable, and, as the scheme appears now likely to go forward, I presume your Government will pass the necessary legislation in the near future. As soon as it does, would you have the kindness to send me a copy of the Bill?

I herewith enclose a copy of our Act upon this subject, assented to yesterday.

Yours, &amp;c.,

The Hon. W. P. Reeves.

W. MULOCK.

## No. 79.

The Hon. the PREMIER, Wellington, to the Hons. the PREMIERS, Sydney and Brisbane.

(Telegram.)

Wellington, 31st August, 1899.

PACIFIC cable: Suggest as solution of difficulty appointment Agents-General New South Wales, Victoria, and New Zealand to represent Australasia on provisional Board for first time. By united action later on we should get four representatives instead of three.

## No. 80.

The Hon. the PREMIER, Brisbane, to the Hon. the PREMIER, Wellington.

(Telegram.)

Brisbane, 31st August, 1899.

PACIFIC cable: Regret that your proposal does not commend itself to my approval.

## No. 81.

The AGENT-GENERAL to the Hon. the PREMIER.

(Telegram.)

London, 14th September, 1899.

How do you intend to act with regard to New Zealand delegate Pacific Cable Board.

## No. 82.

The Hon. the PREMIER, Wellington, to the Hon. the PREMIER, Brisbane.

(Telegram.)

Wellington, 15th September, 1899.

PACIFIC Cable Board: Press message published here to effect that when speaking at Wynnnum you said, as means solving difficulty, you approved New South Wales and Queensland conjointly

appointing one representative, New Zealand appointing another, and that these two should name the third. Kindly say if these are your views, and if message should not read Victoria, New South Wales, and Queensland.

[Copy of this telegram sent to the Hons. the Premiers, Melbourne and Sydney.]

## No. 83.

The Hon. the PREMIER to the AGENT-GENERAL.

(Telegram.)

Wellington, 15th September, 1899.

PACIFIC cable: House Representatives ratified proposals, but insists New Zealand having member on Board. Negotiations now taking place with Australian Colonies. It will be satisfactory if we have one member. It is very unsatisfactory four colonies to have to nominate three members. Difficulty that has arisen might have been foreseen.

## No. 84.

The Hon. the PREMIER, Sydney, to the Hon. the PREMIER, Wellington.

(Telegram.)

Sydney, 16th September, 1899.

AM in receipt of your telegram of yesterday *in re* Pacific Cable Board.

## No. 85.

The Hon. the PREMIER, Brisbane, to the Hon. the PREMIER, Wellington.

(Telegram.)

Brisbane, 18th September, 1899.

PACIFIC Cable Board: My views were that New Zealand and Victoria should appoint one representative, New South Wales and Queensland one, and the two delegates elect a third. Turner has made another proposition, whereby New Zealand would be allowed one representative and other two would be balloted for by mainland colonies, to which I have assented, provided all subscribing colonies concur, to save time, as delay may imperil realisation of scheme.

## No. 86.

The Hon. the PREMIER, Sydney, to the Hon. the PREMIER, Wellington.

(Telegram.)

Germanton, 19th September, 1899.

WILL reply to your telegram next Monday *re* cable.

## No. 87.

The Hon. the PREMIER, Wellington, to the Hon. the PREMIER, Melbourne.

(Telegram.)

Wellington, 19th September, 1899.

*Re* Pacific Cable Board: I assent to your proposal that New Zealand be allowed one representative and that other two be balloted for by mainland colonies, and appreciate consideration shown to New Zealand.

## No. 88.

The Hon. the PREMIER, Wellington, to the Hon. the PREMIER, Brisbane.

(Telegram.)

Wellington, 19th September, 1899.

*Re* Pacific Cable Board: Thanks for your message of yesterday. I have cabled Mr. Turner that New Zealand assents to his proposal that this colony be allowed one representative and that other two representatives be balloted for by mainland colonies. I appreciate consideration shown to New Zealand.

## No. 89.

The Hon. the PREMIER, Wellington, to the Hon. the PREMIER, Sydney.

(Telegram.)

Wellington, 19th September, 1899.

PACIFIC Cable Board: Hope you will see your way to assent to proposition made by Premier, Victoria, to which I understand Premier, Queensland, has already agreed, that New Zealand be allowed one representative and that other two be balloted for by New South Wales, Victoria, and Queensland. I hope this may be agreed to. It would be much appreciated here. Imperial authorities are pressing for final decision, and further delay may imperil realisation of scheme.



## No. 90.

The Hon. the PREMIER, Sydney, to the Hon. the PREMIER, Wellington.  
 (Telegram.) Sydney, 20th September, 1899.  
 Your telegram of 19th *re* Pacific Cable Board received.

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## No. 91.

The Hon the PREMIER to the AGENT-GENERAL.

SIR,— Premier's Office, Wellington, 21st September, 1899.  
 I have the honour to acknowledge the receipt of your letter of the 4th ultimo, enclosing copy of cablegram received by the Agent-General for New South Wales from his Government with respect to the Pacific cable.  
 I have, &c.,  
 W. C. WALKER (for the Premier).  
 The Hon. W. P. Reeves, Agent-General for New Zealand, London.

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## No. 92.

The Hon. the PREMIER to the AGENT-GENERAL.

SIR,— Premier's Office, Wellington, 26th September, 1899.  
 I have the honour to acknowledge the receipt of your letter of the 7th July last, forwarding copy of joint cablegrams addressed to the Premier of New South Wales for the information of the Governments of Australasia interested in the construction of the Pacific cable, and referring to the representation of this colony on the proposed Pacific Cable Board.  
 I have, &c.,  
 W. C. WALKER (for the Premier).  
 The Hon. W. P. Reeves, Agent-General for New Zealand, London.

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## No. 93.

The Hon. the PREMIER to the AGENT-GENERAL.

(Telegram.) Wellington, 28th September, 1899.  
 ASCERTAIN when Pacific Cable Board likely meet. Will Mr. Reeves return time meeting?

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## No. 94.

The Hon. the PREMIER, Melbourne, to the Hon. the PREMIER, Wellington.

(Telegram.) Melbourne, 28th September, 1899.  
 PACIFIC Cable Board: Upon a ballot being taken for two representatives of New South Wales, Victoria, and Queensland the result was that the nominees of New South Wales and Victoria were drawn. They are, therefore, the two who will act with the representative to be chosen by your Government. The New South Wales nominee is the Agent-General, Sir Julian Salomons; and the Victorian nominee is Sir Andrew Clarke, the Agent-General, subject to a change if Sir Andrew, who is at present absent, is not back in England in time to act. I am cabling to England to ascertain when the Board proposes to sit, in the hope that it may not do so until Sir Andrew's return.

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## No. 95.

The Hon. the PREMIER, Wellington, to the Hon. the PREMIER, Melbourne.

(Telegram.) Wellington, 28th September, 1899.  
 PACIFIC Cable Board: Concur selection Sir Julian Salomons and Sir Andrew Clarke. Hope you will concur selection our Agent-General, Hon. W. P. Reeves, who is now in America; subject to change if he does not return in time. Am cabling ascertain when Board likely meet.

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## No. 96.

The Hon. the PREMIER, Wellington, to the SECRETARY of STATE, Ottawa.

SIR,— Premier's Office, Wellington, 29th September, 1899.  
 I have the honour to acknowledge the receipt of your letter of the 3rd ultimo, and to thank you for the copies of Pacific cable documents [not printed] brought down to a recent date, which you were good enough to forward therewith.  
 I have, &c.,  
 The Hon. R. W. Scott, Secretary of State, Ottawa. R. J. SEDDON.  
 4—F. 8.

## No. 97.

The Hon. the PREMIER, Melbourne, to the Hon. the PREMIER, Wellington.

(Telegram.)

Melbourne, 29th September, 1899.

THIS Government has no objection to make to your nomination of your Agent-General for a seat on the Pacific Cable Board.

## No. 98.

The SECRETARY to the AGENT-GENERAL to the Hon. the PREMIER.

(Telegram.)

London, 30th September, 1899.

PACIFIC Cable Board not yet constituted. Unlikely to meet until November. Agents-General the Government New South Wales, the Government of Victoria, nominated, and Colonial Office inquires who will be New Zealand representative. Agent-General expected return early November.

## No. 99.

The Hon. the PREMIER to the AGENT-GENERAL.

(Telegram.)

Wellington, 2nd October, 1899.

PACIFIC Cable Board: You are appointed one of the three Australasian representatives. First meeting takes place November. Very necessary you be present.

## No. 100.

The MANAGER, Indiarubber, Guttapercha, and Telegraph Works Company, Sydney, to the POSTMASTER-GENERAL, Wellington.

The Indiarubber, Guttapercha, and Telegraph Works Company (Limited),

SIR,—

279, George Street, Sydney, 5th October, 1899.

In view of the interest at present felt in Pacific-cable projects, we have taken the liberty of sending you, under separate cover, a chart of that ocean [not printed], on which as many as possible of the soundings along the route of the proposed cable are given; but owing to want of space on the chart several hundreds of deep-water soundings, taken to the south of the Sandwich Islands, have had to be omitted. We, however, believe that those soundings which are printed on the chart give a fair indication of the general depth, and that the deepest soundings have been given; thus, if anything, giving an impression of a greater average depth than has actually been found.

Yours, &c.,

The Postmaster-General, Wellington.

E. C. DANBURY, Manager.

## No. 101.

The Hon. the PREMIER, Wellington, to the Hons. the PREMIERS, Melbourne, Sydney, and Brisbane.

(Telegram.)

Wellington, 5th October, 1899.

I HAVE introduced Bill authorising effect be given to resolutions *in re* Pacific cable. Maximum cost fixed at one million seven hundred thousand, as is done in the Canadian Act. Shall be glad to have your opinion on this.

## No. 102.

The Hon. the PREMIER, Brisbane, to the Hon. the PREMIER, Wellington.

(Telegram.)

Brisbane, 5th October, 1899.

REFERRING to your telegram to-day, I intend deferring legislative action till report of preliminary Board has been received. This line of procedure was agreed on between the late Premier of New South Wales and myself when we met in Sydney lately.

## No. 103.

The Hon. the PREMIER, Sydney, to the Hon. the PREMIER, Wellington.

(Telegram.)

Sydney, 5th October, 1899.

AM in receipt of your two telegrams of to-day relative to San Francisco mail-service and Pacific cable respectively.

## No. 104.

EXTRACT from the JOURNALS of the HOUSE of REPRESENTATIVES: Friday, the 6th day of October, 1899.

*Resolved*,—(1) That the Government be authorised to join in the cost of construction and maintenance of a Pacific telegraph-cable; (2) that New Zealand co-operate with the Governments

of Great Britain, Canada, New South Wales, Victoria, and Queensland in raising the required capital; (3) that a Board of Commissioners, selected by the contributing Governments, on which New Zealand shall have one representative, shall be empowered to raise the required capital for the construction, laying, and maintenance of the cable; (4) that the provisional Board, on which New Zealand shall have one representative, be empowered to invite tenders, arrange scheme of management and other preliminaries, with a view to preparing for legislation; (5) that the rates shall be unanimously agreed to at the outset, subsequent changes to be authorised by fixed majority of the Board of Commissioners; (6) that the cable shall be jointly owned and maintained by the contributing Governments; (7) that New Zealand shall join such of the Australian Colonies as are prepared to do likewise, upon the basis of a guarantee of four-ninths of the cost of construction and annual deficiency (if any) by such colonies, New Zealand's proportion of the guarantee not to exceed in any case one-ninth of the whole cost.

## No. 105.

The Hon. the PREMIER, Sydney, to the Hon. the PREMIER, Wellington.

SIR,—

Premier's Office, Sydney, New South Wales, 9th October, 1899.

With reference to your letter of the 21st ultimo [not printed: confirms No. 89], I have the honour to acquaint you that this Government assented to the proposition made by the Hon. the Premier of Victoria, that New Zealand should be allowed one representative on the Pacific Cable Board, and that the two other representatives should be balloted for by Victoria, Queensland, and New South Wales.

Sir George Turner conducted the ballot, by mutual agreement, the result being that Sir Andrew Clarke, Agent-General for Victoria, and Sir Julian Emanuel Salomons, Agent-General for New South Wales, were selected as the representatives of Victoria, Queensland, and this colony.

Upon receipt of the result of the ballot, I requested His Excellency the Governor to advise the Right Hon. the Secretary of State for the Colonies by cable, and also cabled our Agent-General accordingly.

I have, &c.,

The Hon. the Premier, Wellington.

WILLIAM JOHN LYNE.

## No. 106.

The Hon. the PREMIER, Melbourne, to the Hon. the PREMIER, Wellington.

(Telegram.)

Melbourne, 12th October, 1899.

PACIFIC cable: Does it not seem premature to introduce Bill until after the Board has considered the matter fully? The amount mentioned by you seems scarcely sufficient. At all events, it might be exceeded by a few thousand pounds, which would be awkward.

## No. 107.

The Hon. the PREMIER, Sydney, to the Hon. the PREMIER, Wellington.

(Telegram.)

Sydney, 12th October, 1899.

YOUR telegram of 5th, Pacific cable: The late Government considered that nothing need be done in the matter of obtaining legislation or putting matter before Parliament until Board appointed to prepare estimates, invite tenders, suggest tariff, &c., with a view of preparing for legislation, had furnished its report. Imperial Government were distinctly informed that, so far as this colony was concerned, any proposals must be subject to approval of our Parliament. We concur in our predecessors' view of the matter.

## No. 108.

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

(Telegram.)

Melbourne, 21st October, 1899.

GLAD to hear Parliament passed Pacific Cable Act. Strong Press pressure here and Sydney. Have you wired Crick?

## No. 109.

The Hon. the POSTMASTER-GENERAL, Wellington, to the MANAGER, Indiarubber, Gutta-percha, and Telegraph Works Company, Sydney.

SIR,—

General Post Office, Wellington, 23rd October, 1899.

I have the honour to acknowledge, with thanks, the receipt of your letter of the 5th instant, forwarding a chart of the Pacific Ocean showing soundings along the route of the proposed cable.

I have, &c.,

W. C. WALKER (for the Postmaster-General).

The Manager, the Indiarubber, Gutta-percha, and Telegraph Works Company (Limited),  
279, George Street, Sydney.

## No. 110.

The Hon. the PREMIER, Wellington, to the Hon. the PREMIER, Melbourne.

SIR,—

Premier's Office, Wellington, 24th October, 1899.

I have the honour to acknowledge the receipt of your cablegram of the 12th instant [No. 106].

I forwarded you on Saturday a copy of the Act, which passed both Houses of our Legislature, and has received the Governor's assent.

I considered it advisable to obtain legislative authority at the outset, and do not anticipate any difficulty in obtaining the approval of Parliament to a reasonable increase in the cost of the cable should it exceed the sum named in the Act.

I have, &c.,

The Hon. the Premier, Melbourne.

R. J. SEDDON.

## No. 111.

The Hon. the PREMIER, Wellington, to the Hon. the PREMIER, Sydney.

(Telegram.)

Wellington, 25th October, 1899.

As you are aware, Parliament has passed Pacific Cable Act. Understand strong pressure been brought bear to grant concessions to Eastern Telegraph Company. To do so would materially affect colonies guaranteeing Pacific cable, and, if conceded, New Zealand will hold itself free consider situation, for inevitable that concessions, if granted, will increase contributions from Pacific-cable guarantors.

## No. 112.

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

(Telegram.)

Wellington, 26th October, 1899.

PACIFIC Cable: Wired Crick yesterday.

## No. 113.

The Hon. the POSTMASTER-GENERAL, Wellington, to the Hons. the POSTMASTERS-GENERAL, Melbourne, Sydney, and Brisbane.

SIR,—

General Post Office, Wellington, 27th October, 1899.

I have the honour to enclose herewith for your information a copy of "The Pacific Cable Authorisation Act, 1899," giving effect to certain resolutions of the Parliament of this colony respecting the construction of a Pacific telegraph-cable.

I have, &c.,

The Hon. the Postmaster-General

W. C. WALKER (for the Postmaster-General).

[Melbourne] [Sydney] [Brisbane].

## No. 114.

The Hon. the PREMIER, Wellington, to the Hons. the PREMIERS, Melbourne, Sydney, Brisbane.

SIR,—

Premier's Office, Wellington, 27th October, 1899.

On Saturday last I sent you a copy of the Bill which it was the intention to present to Parliament, authorising New Zealand's participation in the construction of the proposed Pacific cable, and I now do myself the honour to enclose herewith two copies of the Act, No. 19, 1899, Pacific Cable Authorisation, as it has received the Governor's assent.

I have, &c.,

W. C. WALKER (for the Premier).

The Hon. the Premier [Melbourne] [Sydney] [Brisbane].

## No. 115.

The Hon. the PREMIER, Wellington, to the Hon. the PREMIER, Ottawa.

SIR,—

Premier's Office, Wellington, 27th October, 1899.

I have the honour to forward herewith for your information two copies of the Pacific Cable Authorisation Act, No. 19, 1899, giving effect to certain resolutions of Parliament respecting the construction of a Pacific telegraph-cable.

I have, &c.,

The Hon. the Premier, Ottawa.

W. C. WALKER (for the Premier).

## No. 116.

The Hon. the PREMIER to the AGENT-GENERAL.

SIR,—

Premier's Office, Wellington, 27th October, 1899.

I have the honour to forward herewith four copies of the Pacific Cable Authorisation Act, No. 19, 1899, which leaves the Government free to carry out its present proposals with regard to

the construction of the proposed Pacific cable. I shall probably be able to more fully inform you of the action of the Government by next mail.

I have, &c.,

W. C. WALKER (for the Premier).

The Hon. W. P. Reeves, Agent-General for New Zealand, London.

### No. 117.

The CLERK of the PRIVY COUNCIL, Ottawa, to the Hon. W. C. WALKER, Wellington.

SIR,—

Privy Council, Canada: Ottawa, 24th November, 1899.

I have the honour, by direction of the Right Hon. Sir Wilfrid Laurier, Prime Minister, to acknowledge the receipt of your communication, dated the 27th ultimo, forwarding, for the Premier of New Zealand, two copies of the Pacific Cable Authorisation Act, No. 19, 1899.

I have, &c.,

JOHN J. MCGEE, Clerk to the Privy Council.

The Hon. W. C. Walker, M.L.C., Wellington, New Zealand.

### No. 118.

The SECRETARY OF STATE, Ottawa, to the Hon. the PREMIER, Wellington.

SIR,—

Ottawa, 30th November, 1899.

I have the honour to transmit, for the information of your Government, the enclosed recent correspondence on the subject of the Pacific cable.

As the Canadian Government is jointly interested with your Government in the success of the proposed undertaking, I would invite attention to the terms of the new proposal of the Eastern Extension Company referred to in the enclosed, and especially to the necessity of imposing such conditions as will best guard the common interests of the several Governments and the British public generally in any agreement which may be entered into with that company.

I have, &c.,

R. W. SCOTT.

The Hon. the Premier, Wellington.

### Enclosures in No. 118.

THREE LETTERS ON the PACIFIC CABLE: By Sir SANDFORD FLEMING.

(1st July, 1899.) To the Hon. J. Israel Tarte, Minister of Public Works, narrating facts bearing on the influence exercised by the Eastern Extension Company, previous to July, 1899, to frustrate the project.

(5th September, 1899.) To Sir Wilfrid Laurier, referring to the new policy of the Home Government, announced to the High Commissioner for Canada and the Agents-General for Australasia on 4th July, 1899; the terms of the proposal, and the delay anticipated therefrom.

(15th November, 1899.) To the Right Hon. Sir Wilfrid Laurier, referring to the new proposal of the Eastern Extension Company to lay a cable across the Indian Ocean, the effect of the proposal on Canadian as well as British interests, and urging that the right be reserved to bring that undertaking under State control.

### Enclosure No. 1.

Sir SANDFORD FLEMING to the Hon. J. ISRAEL TARTE.

SIR,—

S.S. "Montfort," at Sea, 1st July, 1899.

I feel it to be my duty, under the Order in Council in pursuance of which I am now accompanying you to England, to submit for your information some facts bearing on the efforts of Canada, Australia, and New Zealand to establish a Pacific cable, the hostility of the Eastern Extension Telegraph Company, and the attitude of the Home Government in relation thereto.

Canada, Australasia, and New Zealand have long desired and long endeavoured to be connected telegraphically by a Pacific cable.

Every effort put forward to accomplish the desired end has met with determined opposition on the part of the Eastern Extension Company, a powerful financial organization, with great influence in official quarters. The hostility of this company is due to the fact that it enjoys a rich monopoly, which, incidentally, would be interfered with by the establishment of the Pacific cable as a national work. The company has no appreciation of the great Imperial ends to be served by the projected telegraph; it regards only its own profits. Its design has always been to thwart Canada and Australasia in their efforts to establish the cable, and in frustrating their efforts to strengthen and, if possible, perpetuate the monopoly.

In the following pages will be narrated some of the means taken to defeat the establishment of the Pacific cable. It is unpleasant to think that the Home Government, or those acting for the Home Government, have been less in sympathy with the aims and aspirations of Canada and the Australasian Colonies than with those of the Eastern Extension Company; but it is difficult to see that the evidence of facts leads to any other conclusion.

In consequence of the facts which have come to light—some of which will be cited—an impression prevails that the Home Government has not acted fairly to Canada and the Australasian Colonies, but has regarded the interests of the Eastern Extension Company as paramount. The

feeling on this point in part found expression in the Canadian Senate, on the 8th April last, in a discussion in which the Hon. David Mills, Minister of Justice, the Hon. R. W. Scott, Secretary of State, and the Hon. Sir Mackenzie Bowell took part. Wherever the responsibility may rest, the fact remains that the Pacific cable has been long delayed and, when laid, its cost will be greatly enhanced; without any corresponding increase in efficiency.

There are many circumstances that have given rise to the prevailing impression that the Home authorities have unduly favoured the monopoly in its opposition to Canada and the Australian Colonies. Among these may be mentioned the circumstances connected with the nautical survey, as they are given in the report of his mission to Australia by the Minister of Trade and Commerce. (See report laid before Canadian Parliament, 1894. p. 106.) [Enclosure 1 in No. 4. F.-5, 1894.] The facts in brief are these:—

“From the first a Pacific cable had been declared to be impracticable by the Eastern Extension Company, owing, as alleged by them, to insuperable physical difficulties existing on the route. To remove all doubts, it was deemed expedient to obtain an exact survey, and in order to invest the project with public confidence it was important to have an examination made by the highest nautical authority. The Admiralty was appealed to, and for several years the matter was urged upon the Home Government, Canada offering to contribute half the cost. But no result followed. At the Colonial Conference of 1887 the matter was discussed, and a resolution unanimously passed requesting that the survey be at once undertaken. Correspondence followed, in which the Australasian Governments offered to share in the expense. A year afterwards a surveying-ship was directed to make some hydrographic examinations; but, under the instructions given, many years would elapse before the work could be completed. Requests were made to have the survey accelerated, but without avail. In 1890 the cables of the Eastern Extension Company were broken, when the whole of the Australian Colonies were isolated telegraphically for a considerable time. This circumstance pointed to the extreme importance of pushing forward the nautical survey, so as to hasten the establishment of an alternative line from Australia to Great Britain by way of the Pacific. The colonies again and again urged that the survey should be accelerated; but the request was unheeded. Instead of being accelerated it was stopped, without any reason being given. As a matter of fact (as was ascertained long afterwards), the ship was withdrawn from the work in September, 1890, and the discontinuance of the survey was not made known to Canada and the colonies until 1894.

“In 1893, the Parliaments of Canada and New South Wales having voted each a subsidy towards establishing a steamship service between British Columbia and the Australasian Colonies, the Government of Canada ‘deeming it important to take prompt and effective steps for the stimulation of closer trade relations between Canada and Australasia,’ on the 7th September, 1893, an Order in Council was passed requesting the Minister of Trade and Commerce to proceed to Australia to confer with the several Governments, with a view to promote the extension of trade and the establishment of the Pacific cable. On 11th September, the Colonial Office, London, was informed of the intended mission of the Canadian Minister, and requested to promote the object of his mission. The Minister sailed from British Columbia on the 17th September. Two days before he sailed—that is to say, on 15th September—despatches were sent from the Colonial Office to each of the Australasian Governments containing only documents adverse to the Pacific cable. These consisted of a letter from the General Post Office, London, dated the 5th July, 1893, and a report by the Hydrographer, dated the 28th February, 1887. (See Mission to Australia, p. 79.) [Not printed. See Enclosure 1 in No. 3, F.-5, 1894.]

“The Minister reached Australia, and had conferences on the following dates, viz.: With the Government of New South Wales, 11th October, 1893; with the Government of Queensland, 20th October, 1893; with the Government of Victoria, 30th October, 1893; and with the Government of South Australia, 2nd November, 1893. These several Governments had received copies of the antagonistic documents before the arrival of the Canadian Minister, and, as he points out in his report, these documents were not helpful to his mission.”

Again, while the Canadian Minister was in Australia, engaged in the above conferences with the Australasian Governments on the subject of cable connection, an agreement designed to strengthen the monopoly of the Eastern Extension Company was entered into by the Secretary of State for the Colonies. This agreement, bearing date the 28th October, 1893, practically excludes Canada or any Australasian colony from establishing telegraphic connection with Asia (without the intervention of the Home Government) for a period which does not expire until the 28th October, 1918. A copy of this agreement will be found in the return of papers on the Pacific cable recently laid before the Canadian Parliament. [See Appendix A.]

These facts are well known, and they give ground for the fear that the Home authorities have not been in sympathy with the legitimate aims of Canada and the Australasian Colonies in respect to the Pacific cable; moreover, they appear to throw light on the inexplicable policy followed about the same period in another matter of great importance in connection with the proposed cable.

To connect Canada and Australasia telegraphically mid-ocean stations are absolutely necessary, and for a national line of communication it is indispensable that these stations be in the possession of Great Britain. The nearest island to Canada under the British flag is Fanning Island. But its distance from British Columbia is very great, involving the laying of a cable considerably longer than any yet laid in any part of the globe. In the adverse documents which confronted the Canadian Minister when he reached Australia great doubts are expressed as to whether the Vancouver-Fanning Island section could be laid or maintained. These doubts added to the very great importance of securing a landing-station less distant than Fanning Island from British Columbia. In the voyage of the Canadian Minister of Trade and Commerce to Australia, in September, 1893, it was discovered that a mid-ocean station eight hundred miles nearer Vancouver than Fanning Island was available. There exists in the middle of the ocean, on a direct course between British Columbia and Queensland, a small, uninhabited, rocky island, with an area of

about one-tenth of a square mile. It had up to that period been regarded as too insignificant for ownership by any Power. This little islet is known as Necker Island. It is situated four hundred miles westward from Honolulu, and was not then included in the Hawaiian group. Other islands had been claimed by Hawaii as appanages, but Necker Island was not included. Indeed, until the following year, when it was visited by Hawaiians for the first time and taken possession of by the Hawaiian Government, it was entirely open to the British Government to take possession of it.

Every inquiry, at Honolulu, during the Minister's visit in 1893, having satisfied him and the resident British Commissioner that Necker Island was unclaimed by Hawaii, or by any Power, a memorandum was sent to the British Government pointing out its singularly commanding geographical position for telegraphic purposes, and as possibly it was of vital importance to secure it as a landing-station for the Pacific cable, it was strongly recommended that it be immediately taken possession of in the name of Her Majesty.

The circumstances respecting the availability of Necker Island were, without loss of time, made known by the Minister of Trade and Commerce to the Governments of Canada, New South Wales, Victoria, and Queensland. Each of these Governments was convinced of its great utility, and in October, 1893, sent instructions to its respective High Commissioner or Agent-General in London to urge upon the Home Government the advisability of immediate action being taken in securing possession of this unclaimed islet for the purpose of making it a landing-station for the Pacific cable. The Australian Governments, as well as the Canadian Minister of Trade and Commerce, having read the despatches above mentioned, recently transmitted by the Colonial Office, were impressed with the alleged impracticability of the Fanning Island route, and looked upon the possession of Necker Island as vital. It was accordingly arranged that I should proceed from Australia to London, with the special object of leaving nothing undone to secure its possession.

I reached London before January, 1894. It could not be learned that any steps had been taken toward the acquisition of the island. Application was made to the Colonial Secretary for an interview on the subject. After some delay a day was named—the 12th January. The Agents-General for New South Wales, Victoria, Queensland, and New Zealand, with the High Commissioner and other gentlemen representing Canada, were present, as authorised by the respective Governments. Each one present supported the representations that no time should be lost in securing the Islet of Necker as a British possession. A memorandum, which had been drawn up by me, fully describing the facts respecting it, was read to the Colonial Secretary and left in his hands. A copy of the memorandum follows:—

*Note in reference to Necker Island and the Vital Importance of securing this Island as a Mid-Pacific Telegraph-station.*

1. The question of a Pacific cable to connect the sister colonies of Australasia with Canada has long been before the public. It received special attention at the Colonial Conference of 1887. In the despatch of the late Mr. Stanhope, 26th November, 1886, summoning the Conference, the Colonial Minister dwelt on postal and telegraph inter-communication as essential to the consolidation of the Empire. He referred to it as "a great question," and reproduced the words in the Queen's speech at the prorogation of Parliament, expressing the conviction of Her Majesty "that there is on all sides a growing desire to draw closer in every practicable way the bonds which unite the various portions of the Empire."

2. The proceedings of the Conference show that great prominence was given to the question by the Chairman in his opening address and by delegates in discussions, and that at the close of the Conference a resolution was unanimously passed declaring that "the connection of Canada with Australia by direct submarine telegraph across the Pacific is a project of high importance to the Empire."

3. Since the Colonial Conference many efforts have been made to induce the Home Government to take some step which would practically advance the Pacific cable. Recently it has been felt in Canada and Australia that the time has arrived when the telegraphic connection should be formed. The Postal and Telegraph Conference of the Australian Colonies met in March last, and passed a resolution to that effect.

4. The Governments of Queensland and New South Wales, impatient of delay and wearied waiting for assistance from the Home Government, accepted the offer of a French company to lay a cable to New Caledonia, which its projectors intended should form the first link of eight hundred miles in a cable across the Pacific to the coast of North America.

5. The Canadian Government, in September last, sent the Hon. Mackenzie Bowell, Minister of Trade and Commerce, as a delegate to Australia for the purpose of exchanging views upon matters of trade and telegraph connection between the colonies and the Dominion. The undersigned accompanied Mr. Bowell, and, after carefully considering all the facts and circumstances, prepared a memorandum, dated 11th October [No. 1, Appendix G., F.-2, 1894], which Mr. Bowell brought to the notice of the several Governments for their information and consideration.

6. The Governor-General of Canada forwarded, on the 9th January, 1893, an approved minute of Privy Council, submitting to the Home Government correspondence advocating the appointment of a special Commission to inquire into the most feasible means of completing the telegraph system of the Empire. The Colonial Secretary (Lord Ripon) in his reply of the 22nd March, stated, among other things, that Her Majesty's Government "take a great interest in this matter, and would welcome any proposal which would afford a practical solution of a question which is of considerable importance to the Empire from a strategical point of view."

7. It is respectfully submitted that the memorandum of the 11th October submitted by Mr. Bowell to the Australian Governments formulates a solution of the question as it now stands. This solution was favourably received in all the colonies, and commented on in the Press as a clear and practical exposition of a scheme for establishing an essentially British cable across the Pacific.

8. The Governments of Queensland and New South Wales, although parties to the laying of the New Caledonia cable by a French company [see Nos. 38 *et seq.* F.-5, 1893], have signified their preference for a British cable, and are prepared to join hands with the Dominion and their sister colonies in establishing a telegraph to Canada independent of foreign connections.

9. One of the first essentials to the establishment of a British trans-Pacific telegraph is the possession, at suitable intervals, of mid-ocean stations. In the South Pacific, Great Britain has taken possession of a sufficient number of islands for mid-stations, but in the North Pacific there are singularly few islands available.

10. The Hawaiian group of islands are the nearest to Canada, and until recently it was believed that on one of them a landing-place could be secured on neutral soil. These islands are not, however, within British influence, and their political future is a matter of doubt and uncertainty.

11. Outside the Hawaiian group, the nearest and only islands in any way suitable for the purpose of a mid-ocean station are Necker and Fanning Islands. The former occupies a position eight hundred miles nearer Vancouver than the latter. Fanning Island is, however, the only one of the two which up to the present date has been formally made a British possession.

12. In a communication from the Postmaster-General to the Secretary of State for the Colonies, dated the 5th July last year, it is stated that the Engineer-in-Chief of the Post Office Department takes an unfavourable view

of the laying of a cable from Vancouver to Fanning Island, owing to the distance. Such a length of cable has never yet been laid; and, in his opinion, "it may well be doubted . . . whether, with existing appliances, the Vancouver-Fanning section could be either laid or maintained." If this opinion has weight, it adds enormously to the importance of Necker Island, to which the same objection does not apply.

13. In crossing the Pacific in September last, the undersigned made careful inquiry regarding Necker Island. It is a small, rocky, treeless spot in the middle of the ocean, less than three-quarters of a mile long and 1,000 ft. broad, with an extreme elevation of 280 ft. Further particulars are given in a memorandum, dated Honolulu, 23rd September, in the possession of the Government. Necker Island is perfectly valueless for any ordinary purpose; its geographical position only gives it importance as a desirable point for landing a submarine cable between Canada and Australia.

14. Inquiries at Honolulu farther elicited the information that Necker Island is unoccupied, and unclaimed by any maritime power; that the late King, with the ambitious view of forming an oceanic empire, issued some years back a Proclamation claiming as appanages of the Hawaiian Kingdom all the islands of the Pacific. This proclamation has, however, never been recognised by other nations, and France, Germany and Great Britain have since it was issued taken possession of such of the Pacific islands as they each deemed expedient. It was further learned at Honolulu that Necker Island is entirely beyond the legitimate sphere of the Hawaiian Kingdom, and that the claim set up by the late King is considered untenable.

15. Everything goes to show that the establishment of a telegraph across the Pacific cannot much longer be postponed. The mere fact that two of the colonies grasped at the prospect of being telegraphically connected with North America, even by a foreign company, gives some indication of the demand for a Pacific cable in Australia. A sufficient proof of its necessity is furnished in the stranding of one of the first steamers on the Canada-Australia line, and the long suspense in learning the cause of the disaster, with the accompanying anxiety as to the fate of passengers and crew. The strongest possible feeling exists in Canada and Australia that the Pacific cable should be in every respect British, and the memorandum submitted by Mr. Bowell to the Australian Governments clearly points out that the colonies and Canada can establish a British cable without drawing on the Imperial Exchequer. It is necessary, however, to have mid-ocean stations at suitable points; and the one point on the whole route not taken possession of in the name of Her Majesty is Necker Island. The possession of Necker Island is indispensable, if the views of the highest electrical authority in the service of the Imperial Government are well founded. While the undersigned is unable to indorse the views of this authority, he is bound to respect the source from which they come; and obviously great importance is attached to them by the Home Government, as they were forwarded for the information of the colonies by the Colonial Minister in September last. If the opinions of this Imperial officer be sound, there can be but one conclusion, and that is: no British cable can be laid across the Pacific without the possession of Necker Island, and the colonies and Canada may be driven to the alternative of landing the telegraph on foreign soil (as in the case of the New Caledonian cable), thus abandoning the strategical advantages of a trans-Pacific telegraph essentially British, and the assurance it would give of strengthening Britannic unity in the outer Empire. Necker Island can only be secured by the action of the Home authorities, and the way to its possession is as simple and as clear as in the case of other islands in the Pacific on which the British flag has been raised within the past few years.

The undersigned renews the recommendation strongly expressed in the memorandum forwarded from Honolulu by the Canadian Minister of Trade and Commerce and by the resident British Minister on the 23rd of September last [not printed: but see Appendix G., F.—2, 1894; F.—5, F.—5A, and F.—5B, 1894].

London, 12th January, 1894.

SANDFORD FLEMING.

The Colonial Secretary (the Marquis of Ripon) expressed the deep interest he felt in the matter. He assured those present that he would immediately confer with the Foreign Minister, and impress upon him the urgent necessity of prompt action.

Month after month passed, during which the Imperial authorities were frequently reminded of the vital importance of securing the island for a mid-Pacific telegraph-station. At last it became known in Honolulu, toward the end of May, that Necker Island possessed a certain value for trans-Pacific cable purposes, and the Hawaiian Government immediately despatched an expedition to take possession of it. A landing was effected on 27th May, 1894, and the Hawaiian flag raised. Until that date there is no record of any person whatever having landed on the treeless and inhospitable rock in the middle of the ocean.

The loss of Necker Island as a possible mid-ocean stepping-stone for a telegraph between Canada and Australia was felt by some persons, and doubtless hoped by the Eastern Extension Company, to mark the demise of the project of a Pacific cable. Efforts were, however, immediately made by the Canadian Government—(1) to obtain a suitable island from the Hawaiian Republic, (2) to ascertain if it would be practicable to lay and work a cable to the least distant British island from Canada (Fanning Island). The first effort proved unsuccessful; the second, however, established that it was still practicable to connect Canada and Australasia telegraphically, but at an increased cost.

The tenders received by the Government of Canada, in 1894, for establishing a cable, including its maintenance for three years, showed that a cable by Necker Island would cost £1,068,000, a cable by Fanning Island would cost £1,517,000, the difference being £449,000 in favour of the Necker Island route. Owing to the increased cost of copper and guttapercha, it will now probably cost 10 to 12 per cent. more than in 1894 to manufacture cables. As a consequence, the Pacific cable (by Fanning Island) will require fully £500,000 more capital to establish than if Necker Island had been placed under the British flag.

Obviously it has not been the fault of Canada or the Australasian Colonies that Necker Island is not a British possession. Had the earnest entreaties been regarded it could easily have been secured by the Home Government in 1893 or in the early part of 1894. The Home authorities, however, adopted a different policy, and, in consequence, it will cost half a million pounds additional capital to lay the cable. Moreover, when laid, owing to an increased length of 800 miles given to the longest section, the commercial value of the whole line will be considerably lessened.

The Eastern Extension Company's desire being to frustrate the laying of the Pacific cable, naturally welcome delay, and do everything in their power to prevent steps being taken to further the project. That the wishes of the company have to a remarkable extent been gratified cannot be denied, for there has been great and seemingly needless delay from year to year.

As an outcome of the Ottawa Colonial Conference of 1894 it was proposed to have a Commission appointed for the purpose of inquiring into all matters relating to the project, and to report on the best means of carrying it out. After much correspondence the proposal was assented to by all the Governments concerned, and their representatives assembled in committee in London in June, 1896. They completed their labours by the end of that year, and on the 5th January, 1897,



their report was signed. It contained information desired by the public in the United Kingdom, in Canada, in Australia, and in New Zealand. It was frequently asked for in the several Parliaments, but, for some unknown reason, Parliaments and people were kept in the dark for twenty-eight months. Before the report of the committee was made public, in May, 1899, surprise, widespread regret, and disappointment was caused when the contents of a despatch from Downing Street, of date 26th April, 1899, was made known.

This despatch appears on page 87 of blue-book [see Appendix B.] ; its contents were referred to in the *London Times* of 27th April, and a few days afterwards it was noticed in the *Canadian Press*. As one who has given some attention to the project of a Pacific cable, I made bold to address letters to the Secretary of State and the public on the 5th May, 1899 [see Appendix C.], and expressed the view that it was impossible to believe that the despatch to the Governor-General of the 26th April conveyed the full or final judgment of Her Majesty's Government, for several very strong reasons, which, with the grounds on which they are based, are submitted at length in my letter (*vide* blue-book, page 88). It was pointed out that the principle of joint ownership in the undertaking was the only satisfactory plan; that it had been acquiesced in by all parties; that hesitation on the part of the Mother-country to become a partner with the colonies would be regarded in an unfavourable light; that it would seriously jeopardize the whole scheme, and that if the co-operation of the Home Government were withdrawn it would be a grave retrograde step in the movement for Imperial unity. Such was the universal opinion a few weeks back. The Home authorities had since been officially informed of the state of feeling of the Governments and peoples of Canada, Australia, and New Zealand, through the High Commissioner and Agents-General, and before we left Ottawa telegrams had been received indicating the willingness of the Home Government to reconsider the matter.

I have, &c.,

SANDFORD FLEMING.

The Hon. J. Israel Tarte, Minister of Public Works for Canada.

### Enclosure No. 2.

Sir SANDFORD FLEMING to the Hon. the PRIME MINISTER of Canada.

SIR,—

Halifax, 5th September, 1899.

I wrote you from London intimating that I proposed to leave for Canada on the 14th August. On the 25th I reached Ottawa, and immediately reported my return to the Secretary of State, you being absent. I have now the honour to report on the subject of my mission to England as follows :—

The Order in Council appointing the Hon. J. Israel Tarte, Minister of Public Works, and Lord Strathcona, High Commissioner for Canada in London, Commissioners in the matter of the Pacific cable, also appointed me expert adviser. This Order in Council you placed in my hands on the 21st June; on the following day I left Ottawa to join Mr. Tarte on board steamer at Montreal, and with him I proceeded to England, where we arrived on the 5th July.

It became my duty on the voyage to furnish Mr. Tarte with all the information in my possession, on the subject of the cable, which he desired. Among other things, I supplied facts and explanations respecting the hostility of the Eastern Extension Company, and the adverse influence it had exercised. It was deemed expedient that I should present the latter information in the form of a letter, in order that, if required, it would be readily available in discussions in London. When we arrived we learned that the Home Government happily had changed its attitude toward the proposed undertaking, and the anticipated discussions did not arise. For the purpose of record, I append a copy of my letter to Mr. Tarte, of date the 1st July, 1899. [See Enclosure No. 1, above.]

On the 6th July, Lord Strathcona informed Mr. Tarte and myself that a conference had been held two days previous at which he and the Agents-General for New South Wales, Victoria, Queensland, and New Zealand, met the Colonial Secretary, Mr. Chamberlain, and the First Lord of the Treasury, Sir Michael Hicks-Beach. It was then announced by the two last-mentioned gentlemen that the Home Government had decided to unite with Canada and the Australasian Colonies in establishing the Pacific cable as a joint partnership State undertaking, and that the Imperial Treasury would arrange to provide the capital required. Lord Strathcona read to us a copy of a cablegram which had that day (the 6th July) [Enclosures in No. 54] been sent to Canada, Australia, and New Zealand in respect to the new proposal. This cablegram was afterwards confirmed by a minute of the proceedings of the conference of the 4th July. The minute was issued by the Colonial Office on the 15th July, and forwarded for the information of all the Governments concerned [not printed].

When we left Canada the position of the proposed work and the attitude of the Home Government in respect to it remained substantially as set forth in the documents relating to the Pacific cable laid before the Canadian Parliament last session. Reference is particularly had to the papers given on pages 87 to 98 [of Canadian Report: See pp. 5 *et seq.*, F.—8a., 1898]. We were greatly surprised and gratified to learn that a few hours before our arrival in England the policy of the Home Government had been entirely changed, that there was no longer any hesitation on the part of the Mother-country to become an active partner in the enterprise along with Canada and the Australasian Colonies, that the principle of joint State ownership was fully acquiesced in, that the expectations of Canada and the Colonies were to be more than met, as the First Lord of the Treasury proposed to utilise the credit of the United Kingdom in providing the whole of the capital required to establish the work in a complete and satisfactory manner.

Gratifying as this information proved, the satisfaction was somewhat lessened by one part of the proposal: it is a mere detail, but a detail which, to my mind, appeared of very great importance, as it involved delay, and delays are always dangerous. It was proposed at the conference

that the provisional Board of Commissioners should consist of eight members, three to be nominated by the Australasian Colonies, two by Canada, and three by the Imperial Government. I at once took exception to the number allotted to Australasia, and pointed out as there were four contributing colonies the limitation of the number of representatives on the Board to three would, in all probability, have the effect of causing serious delay, and that it might even endanger the success of the whole scheme. It was quite obvious to my mind that it would be a matter of difficulty for four Governments to agree in the selection of three representatives, and that practically it could only be done by one of the colonies consenting to remain unrepresented. I ventured to suggest that the four contributing colonies should be given one representative each, and that the representation of the Imperial and Canadian Governments should be increased proportionately.

I heard nothing in favour of eight in place of nine, ten, or eleven Commissioners, except that "a large Board is cumbrous and undesirable." While admitting that a small Board is, under ordinary circumstances, better than a large one, while recognising that a permanent Board might with advantage be reduced to less than eight, perhaps even to three, Commissioners, seeing that the duties will be chiefly of an executive character, it seemed to me of the first importance to have the provisional Board speedily constituted, and I greatly feared this could not be accomplished unless the four Australasian Governments were allowed to appoint each its own representative. I pointed out that if this was conceded, the Governments of New South Wales, Victoria, Queensland, and New Zealand would be almost certain at once to nominate their respective Agents-General resident in London, and thus the provisional Board could be organized and its work proceeded with within a few days after the arrival of Mr. Tarte and myself in England.

These views were not acted upon, and nothing resulted during the five weeks I remained waiting. Indeed, so far as I know, no progress has been made towards constituting the Board up to the present date. Meanwhile the Eastern Extension Company is displaying great activity in Australia. Its agents are doing everything in their power to prolong the delay. Since my arrival in Canada I have received a number of letters from Australia, some of them dated so recently as the 28th July. They all go to confirm the views I have expressed. As they are private, I regret that I cannot append them to this report. I beg leave, however, to refer you to a letter, dated 17th July, received by the Department of Trade and Commerce from the Commercial Agent of your Government in Sydney [not printed]. In that letter will be found some indication of the situation in Australasia, and the activity of the Eastern Extension Company in their persistent efforts to frustrate the project.

I have, &c.,

SANDFORD FLEMING.

The Right Hon. Sir Wilfrid Laurier, Prime Minister of Canada.

### Enclosure No. 3.

Sir SANDFORD FLEMING to the Hon. the PRIME MINISTER of Canada.

SIR,—

Ottawa, 15th November, 1899.

In the report submitted by me of date 5th September, on my recent mission to England, and in my letter to the Hon. Mr. Tarte dated the 1st July, appended thereto, I referred to the persistent efforts of the Eastern Extension Company to frustrate the establishment of the Pacific cable. I have to-day received a communication from the Department of Trade and Commerce, by which I learn more definitely the line of action now being taken by that company in Australia to defeat the project. My own name is used in discussions in the Press of the southern colonies, and it is due to myself that I should submit some explanations. At the same time I feel that it is still more important in the public interests that I should direct your attention to the matter, in order that you may, if you deem it advisable, transmit my explanations for the information of the Governments concerned.

The communication received through the Department of Trade and Commerce goes to show that the Eastern Extension Company has made a formal offer to the Australian Governments of very great importance, and the offer made is supported very strongly by the Postmaster-General of South Australia, Sir Charles Todd. Moreover, every effort is being made through the Press to influence public opinion in its favour. The offer is practically to substitute for the Pacific cable a cable across the Indian Ocean from Australia to South Africa, where a connection would be formed with the lines to England. To make the proposal as attractive as possible, the company offer at once to reduce rates from the present minimum charge of 4s. 9d. per word to a uniform charge of 4s. per word, and they offer to make further reductions as traffic increases. The company ask no subsidy or guarantee, but they ask the privilege of collecting and distributing cablegrams in the principal cities of Australia, and along with that privilege the right to use and control the Government land-lines from those cities to the terminus of the cable. Sir Charles Todd has always been a consistent opponent of the Pacific cable, and, as might be expected, he highly approves of the new proposal, and suggests that the Pacific cable should be postponed, and in the meanwhile the Eastern Extension Company allowed to carry out their plan.

It will be obvious that if the Eastern Extension Company be granted the privilege they ask, they will obtain the power to monopolize nearly all cable business. They would be in a position at once to cut rates and make contracts for a term of years with the leading mercantile firms, and thus control the greater part of the over-sea telegraph business. With these privileges granted them they would have it in their power to prevent the Pacific cable being a commercial success.

Sir Charles Todd is unable to see any advantages in the Pacific cable or any necessity for establishing it. He takes an exceedingly pessimistic view of the traffic and the share of it which a trans-Pacific line would command; he unduly increases the estimate for maintenance, for working-expenses, and for other annual charges, and he urges that, in order to secure immunity from interruption, two cables across the Pacific will be necessary, involving, as he says, an initial capital outlay of £4,000,000, instead of £1,500,000 at one time deemed sufficient.

In my letter of 28th October, 1898 [Enclosure in No. 28, F.—8, 1899], to the Right Hon. Joseph Chamberlain, Colonial Secretary, I set forth, among other things, the immense advantage to the whole Empire of a world-encircling cable system under State control, and I pointed out how this could be secured without touching foreign soil. This proposal embraced the following new lines, viz.: (1) A cable across the Pacific Ocean from Canada to Australia and New Zealand, 7,150 knots; (2) a cable across the Indian Ocean from Australia to the Cape of Good Hope, 6,500 knots; (3) a cable across the Atlantic Ocean from the Cape of Good Hope to Bermuda, 6,600 knots. At Bermuda a connection would be made with England by lines laid, or to be laid—the three cables, viz., across (1) the Pacific, (2) the Indian and (3) the Atlantic Oceans, would constitute a globe-encircling system of telegraphs touching only British soil. These would be the trunk lines; they would give to every point they reached the peculiar advantage of two telegraph routes running in opposite directions, and thus the necessity or desirability of laying double cables side by side on any one section would be entirely removed.

The Pacific cable would form one of the three great links in the chain, and it is perfectly obvious that having the completed system in view there would be no necessity for incurring the expense of laying two cables across the Pacific for some time to come, certainly not until the business develops to such an extent as to demand additional means of transmission for business reasons—that is to say, not until the telegraph traffic reaches a point much beyond the most sanguine estimates yet made.

The ground covered by the new proposal of the Eastern Extension Company is almost identical with the second division of the world-encircling telegraph proposal mentioned in my letter to Mr. Chamberlain. So soon as I learned that our adversaries had made overtures to the Victorian Government respecting it, I sent the following letter to the Premier, Sir George Turner:—

SIR,—

Ottawa, 14th September, 1899.

By last mail from Australia I received letters up to the 28th July, by which I learn that the Eastern Extension Telegraph Company has submitted to your Government a proposal to lay a cable from South Africa to Australia. The proposal is of great importance, and I ask your permission to say a single word respecting it. In order that I may be brief, allow me to refer you to three letters from me which appear in the printed returns on the Pacific cable laid before the Canadian Parliament in the sessions of 1898 and 1899, viz.:—(1.) To the Right Hon. Sir Wilfrid Laurier, 28th December, 1897. [Enclosure in No. 11, F.—8, 1898.] (2.) To the Right Hon. Joseph Chamberlain, 28th October, 1898. [Enclosure in No. 28, F.—8, 1899.] (3.) To the Hon. R. W. Scott, 31st January, 1899. [See Enclosure in No. 37, F.—8, 1899.]

In these letters, and especially in my letter to Mr. Chamberlain, will be found reference to the subject of a State-owned system of electric cables for the Empire. It is pointed out that the proposed Pacific cable will form the great initiatory section of the Imperial scheme, and that a line of cables across the Indian Ocean, such as that now proposed by the Eastern Extension Company, would constitute the second great section. Much importance may, therefore, be attached to the latter proposal. But it is essential that these cables should eventually come under Government control. The public interests demand that in order to secure the cheapest telegraph transmission, the greatest development of commerce, and the greatest freedom of intercourse throughout the Empire, the system of cables contemplated should be the property of the State. As pointed out in my letter to Mr. Scott, that is the view almost universally held by the Press, and especially by the British Press. I venture, therefore, to urge upon your Government that in any agreement entered into with the Eastern Extension Company to lay the new cable proposed to be laid across the Indian Ocean, the right be reserved to take possession of it, on giving notice and paying a sum equal to its value, precisely as in articles 5 and 6 of the Singapore and Hong Kong second cable agreement of 1893. [See Appendix A; also Nos. 44 and 45, F.—5, 1893.]

I have, &c.,  
SANDFORD FLEMING.

From a sense of duty I cannot too strongly press upon your Government and upon each Government interested the importance of the recommendation contained in the above letter. It is a matter which concerns Canada equally with the Australasian Colonies; it concerns the whole British empire that no new obstacle should be raised to obstruct the laying of the Pacific cable or render it impossible to establish, step by step, a system of State-owned cables encircling the globe. There is not the smallest objection to the Eastern Extension Company laying a cable across the Indian Ocean under the condition mentioned. There is indeed everything in favour of such a proposal. The present state of things in South Africa renders the existing lines of telegraphic communication insecure. They pass through a number of foreign ports, and without much trouble sympathisers with the enemy may tap the wires, or, if they choose, interrupt them and render them useless, as is actually the case at the present moment with the East African line. If, unfortunately, European troubles should also arise, the means of telegraphic communication may be instantly cut, owing to the fact that all cables laid, or being laid, traverse shallow seas bordering France, Spain, Portugal, Morocco, and other parts of Africa. If cables across the Indian and Pacific Oceans existed to-day, independent communication could be maintained by the Canadian route between the heart of the empire and South Africa, as well as with the Australasian Colonies.

The recommendation respecting which I venture to make this appeal is to reserve the right, on behalf of Her Majesty's Government, to take possession of the cable proposed to be laid across the Indian Ocean by the Eastern Extension Company. Ample precedent for such a course will be found in the following two articles wisely inserted by the Marquis of Ripon, the then Secretary of State for the Colonies, in the agreement of the 28th October, 1893, for the Singapore and Hong Kong second cable.

Article 5. Her Majesty's Government shall have the option at any time of cancelling all the foregoing articles of this agreement, by giving to the company twelve months' previous notice, and on payment to the company of a sum of £300,000, being the estimated cost of laying such second cable.

Article 6. Immediately on the payment of the amount provided in the last preceding article the said second cable shall become the property of Her Majesty's Government, and the agreement shall at once cease and determine.

There could be no better precedent to follow in this instance. The Canadian Postmaster-General, Mr. Mulock, in introducing the Pacific-cable resolutions last July, pointed out to the House of Commons the value of the reservation made by the Marquis of Ripon. Mr. Mulock said (I quote from *Hansard*),—

When you come to read the agreement, I see nothing in it to cause us to doubt for a moment that we establish cable communication with the Orient when we establish connection by cable with Australasia. That agreement provides that the Imperial Government can purchase the line of cable, the second cable constructed between Singapore and Hong Kong, for the sum of £300,000, which I presume fairly represents its cost. Once the English Government acquires that cable there only remains the connecting link between the mainland and Australasia, and you have direct cable and telegraphic communication *via* Australia between Canada and Hong Kong and Japan. And it is inconceivable that if the two great colonies, Canada and Australasia, have united themselves by cable communication—particularly in view of the fact that the colonies of Australasia own the telegraph lines across the island continent of Australia—any power, that is any British power, could prevent us forcing our way by telegraph communication with China and Japan. . . . I regard the proposition, though it nominally provides for communication only between Canada and Australasia, as practically completing cable communication between Canada, China, and Japan.

A cable across the Indian Ocean, laid under the same conditions, would, with the Pacific cable, similarly connect Canada telegraphically with South Africa. The two stretches of cable would complete two-thirds of the all-British chain of cable around the globe, which, with branches added, aggregating in length 2,600 knots, London would have practically a duplicate telegraph connection with all, or nearly all, the fortified and garrison coaling-stations of the Empire; an Imperial line of communication would be created which would bring into momentary electric touch every possession of Her Majesty. For these reasons, and for other reasons mentioned in my letter to Mr. Chamberlain, it is expedient that the new cables should be State-owned. Controlled by the State, it is recognised that they will best fulfil their purpose.

I have alluded in other letters (1st July and 5th September) to the great delays which have arisen and their apparent cause. The state of affairs in South Africa and the insecurity of all cables laid in the shallow seas bordering Europe and Africa will now make manifest how much these delays are to be deplored. It is easy to be seen that it would be no difficult matter for a sympathiser with the enemy to isolate not only South Africa, but, at the same time, the whole of Australasia. Better counsels fortunately now prevail, and we all rejoice in the promise that delay is at an end.

These projected State-owned cables have been conceived in no spirit of hostility to the Eastern Telegraph Company. The Pacific cable has been advocated for national reasons, and as the first section of a great Imperial telegraph system. Its mere advocacy has already had the effect of lowering charges on messages between Australasia and England fully one-half, and with the satisfactory result that the profits of the company have been much improved. This is owing to the fact that while the rates have been lowered 50 per cent. the business has increased 150 per cent. since the reduction took place.

I venture to think that the completion of the first State-owned ocean cable will mark a new era in over-sea telegraph correspondence, and that a wonderful development of intercourse will follow. Action has been long delayed, but happily we now have the assurance that Her Majesty's Home Government will co-operate fully with the colonial Governments in bringing to a successful issue an undertaking which they now recognise to be of great importance to the whole Empire.

I have, &c.,

SANDFORD FLEMING.

The Rt. Hon. Sir Wilfrid Laurier, Prime Minister of Canada.

## No. 119.

The AGENT-GENERAL to the Hon. the PREMIER.

Westminster Chambers, 13, Victoria Street, London, S.W.,

(Memorandum.)

7th December, 1899.

REFERRING to the Hon. Minister's memorandum of the 27th October last [not printed], I beg to transmit herewith two more copies of the correspondence between the Colonial Office and the Eastern Extension Australasia and China Telegraph Company on the subject of the Pacific cable project.

W. P. REEVES.

[For Enclosure 1, see Enclosure in No. 58.]

## Enclosure 2 in No. 119.

The Marquis of SALISBURY to the Marquis of TWEEDDALE.

MY LORD MARQUESS,—

Foreign Office, Downing Street, 19th May, 1899.

I have the honour to acknowledge the receipt of your Lordship's letter of the 17th May, in which you have stated the objections entertained by the Eastern and Eastern Extension Telegraph Companies to the proposals with reference to the all-British Pacific-cable project contained in the letter addressed by the Secretary of State for the Colonies to the Agents-General for the Australasian Colonies and the High Commissioner for Canada, under date of the 28th ultimo.

In reply I have to state that my colleagues in Her Majesty's Government, and more especially the Secretary of State for the Colonies, will be duly acquainted with the protest entered by your Lordship against the above-mentioned scheme.

I have, &c.,

The Most Hon. Marquess of Tweeddale, K.T.,

SALISBURY.

Chairman, the Eastern Telegraph Company (Limited),

and the Eastern Extension Telegraph Company (Limited).

[For Enclosures 3 and 4, see Enclosures 1 and 2 in No. 57.]

## Enclosure 5 in No. 119.

The Earl of SELBORNE to the Marquis of TWEEDDALE.

MY LORD,—

Colonial Office, Downing Street, S.W., 15th August, 1899.

I am directed by Mr. Secretary Chamberlain to acknowledge the receipt of your letter of the 19th ultimo, replying to the letter from this department of the 10th July, dealing with the action of Her Majesty's Government in regard to the proposed Pacific cable.

2. I am to observe, in reply, that your letter is practically a repetition of arguments which have already been replied to, and as Her Majesty's Government have come to a final decision on the question of the cable it appears unnecessary to repeat their reasons. They remain of opinion that it is a work of Imperial concern, and that as a pecuniary question it may be expected to pay its way without interfering materially with the present traffic of the companies.

3. As regards the offers now made on behalf of the companies to construct a cable to connect the Cape with Australia, and at the same time to reduce the tariff to 4s. per word, you do not say whether any terms and conditions are attached to this offer, and Mr. Chamberlain will be glad to have full particulars—which he will be happy to communicate to the colonies concerned. He is unable at this stage to say what view the colonies may take of it. He observes that the companies are now prepared to do for nothing what two years ago they asked a subsidy of £32,400 a year for from the colonies, in addition to £5,000 a year from Her Majesty's Government (£25,000 having been asked for as a subsidy towards an all-British cable to the Cape and Australia, as compared with the subsequent offer to accept £20,000 for the line to the Cape only), and are further prepared to give at once a substantial reduction of rates.

4. It may fairly be inferred, therefore, that the business of the companies is such as to enable them to utilise an additional cable, and to this extent, therefore, it justifies the hope that the anticipated increase of business, coupled with the development of practically new business between America and Australasia, will give sufficient employment to the Pacific cable without trenching on the traffic now carried by the companies, and shows that the claim of the colonies for a reduction of rates was fully warranted.

5. In regard to the claim in paragraph 16 of your letter, that the companies should have the right to collect and deliver their international messages in Australasia in the same manner as prevails in this country, I am to observe that the Australasian Colonies are parties to the International Telegraph Convention, and are therefore bound to send any telegrams marked to go by the companies' route by that route. Whether they will go further, and allow the establishment of special collecting-agencies for the companies within their own limits, is a matter in which, of course, the decision must rest with them, and it is not possible for Mr. Chamberlain to give any undertaking on their behalf.

6. In conclusion I am to call attention to an instance in which your Lordship has apparently misunderstood the language of the letter from this department of the 10th ultimo. In paragraph 18 you ask, "How, moreover, could the companies then form and maintain a reserve fund necessary for the maintenance and renewal of their lines, or for the necessary extensions required by commerce; which reserve fund, however, the last paragraph of your Lordship's letter, in disregard to telegraph experience, appears to consider superfluous, and, at all events, which the Government seems to ignore?"

7. The propriety of a sufficient reserve fund was certainly not called in question; it was only pointed out that the opening of an alternative route would to some extent relieve the companies of the necessity of making as large drafts on revenues as at present for purposes of capital expenditure or reserve.

8. What these amount to at present your Lordship is no doubt fully aware, and I need only say that in the twenty-six years of its existence the Eastern Extension has, besides accumulating reserves amounting to more than a million sterling, expended out of revenue on new cables and extensions sums which, in 1894, had amounted (page 138, C. 7553) to £1,100,685, and probably now amount to at least a million and a half.

9. Its paid-up capital is two and a half millions, of which £470,000 is due to "watering"; and on this watered capital it has for many years paid a dividend of 7 per cent., which, but for the "watering" referred to, would have been approximately 9 per cent., and while so doing and maintaining its lines in a high state of efficiency has created out of revenue new works or extensions and reserves at least equal to the amount of its paid-up capital. Mr. Chamberlain presumes that the affairs of the Eastern Company have been managed with equal prudence, and that, like the younger company, it has by this time at least doubled out of revenue the capital-value of its estate.

10. Taking into consideration the relief which will be afforded to the companies by the Pacific cable in this respect, and the fact that by the time it can be in operation the traffic may be expected to have increased by one-third, according to your Lordship's account of past experience given to the Committee (questions 1860-63), and that the companies have already found it to their interest to offer voluntarily so large a reduction of rates and so expensive an extension of their system without cost to the public, the conclusion of Her Majesty's Government that there will be ample remunerative work for the companies' cables as well as the Pacific cable appears abundantly justified.

As regards any claim for compensation that the companies may be disposed to put forward, Her Majesty's Government cannot admit that the case of the acquisition by the Government of the Channel cables in 1870 and 1889 affords any ground for the contention that compensation would be due to the Eastern Telegraph Company and its allies in the event of a reduction of their profits resulting from the laying of a Pacific or any other competing cable. No guarantee against competition in the Australian traffic, by the State or otherwise, has ever been given to the Eastern or any other Telegraph Company, and it would be practically impossible now to lay any new cable, however urgently it might be needed on strategic as well as commercial grounds, without in

some degree affecting the receipts from existing cables. The same might be said of most railways or steamship lines which Parliament has aided by the grant of special powers, mail-subsidies, and in other ways; but in all these cases Parliament has, rightly, held that the public interest must be the first consideration, and that no compensation should be given in cases where competitive undertakings were authorised, except when such competition involved a breach of public faith.

The Marquess of Tweeddale.

I am, &c.,

SELBORNE.

### Enclosure 6 in No. 119.

The Marquis of TWEEDDALE to the Earl of SELBORNE.

Eastern Telegraph Company (Limited) and Eastern Extension Australasia and China Telegraph Company (Limited).

Winchester House, 50, Old Broad Street, London, E.C.,

28th September, 1899.

MY LORD,—

I now have the honour to reply to your Lordship's letter No. 18912/99 of the 15th August (the receipt of which was acknowledged on the 22nd ultimo) on the subject of the proposed Pacific and Cape-Australian cables.

2. It is true that my letter of the 19th July last repeats in more detail the arguments contained in my former letter, but I cannot find that any substantial answer has as yet been given to those arguments.

3. As, however, your Lordship informs me that Her Majesty's Government have come to a final decision on the question of the Pacific cable as a matter of Imperial concern, I do not see that any practical purpose would be served by further discussing the matter, and will now, therefore, only deal with the point respecting which Mr. Secretary Chamberlain desires additional information.

4. The proposal recently submitted to the Australasian Colonies by the companies for extending the Cape cable to Australia, not only provides for an immediate reduction of tariff to 4s. per word, but involves the application to the Australasian traffic of the same sliding-scale principle as is adopted for the Cape traffic, by means of which the tariff might, without any sacrifice on the part of the Australasian Colonies, be further reduced in 1901 to 3s. 6d. per word, to 3s. in 1902, and to 2s. 6d. in 1903, provided the traffic satisfactorily responds to the proposed reductions.

With regard to the conditions attached to the proposal, the companies have only asked for the same freedom in collecting and delivering their international telegrams at Perth, Adelaide, and Melbourne as they enjoy in this country, at the Cape, and at Natal. They are, of course, aware that the Australasian Colonies are parties to the International Telegraph Convention, and are, therefore, bound to send any telegrams marked to go by the companies' route by that route. But, looking to the general conditions attendant on the despatch of telegrams by the public, and to the fact that before messages could reach the companies' cable-termini at Port Darwin and Roebuck Bay they would have to pass over at least two thousand miles of Australian Government land-lines which might not be efficiently maintained when the Governments are in competition with the companies, it is obvious that it would be impossible for the companies to carry on their business on equal terms with their competitors in Australia unless they have the right to establish direct dealings with the public.

The condition was limited to the capitals above enumerated in order to simplify and facilitate the proposed arrangement, but in justice to the companies it ought to be extended to all the other Australasian capitals, and, although your Lordship states that the decision to grant the concession must rest with the colonies themselves, it appears to me that, as Her Majesty's Government are actively assisting to bring about this competition, they should use their influence with the Australasian Governments to induce them to give an undertaking that the companies shall receive equal treatment throughout Australasia before finally agreeing with those Governments on the details of the Pacific scheme. I, therefore, earnestly hope that Mr. Secretary Chamberlain will secure for the companies this necessary measure of justice, otherwise the references made by Her Majesty's Ministers when receiving the companies' deputation, and in your Lordship's letter, as to the Government's duty to avoid unnecessarily injuring the interests of the shareholders, will be utterly meaningless.

I have, &c.,

TWEEDDALE, Chairman.

The Right Hon. the Earl of Selborne, P.C.,  
Under-Secretary of State for the Colonies, Colonial Office.

### Enclosure 7 in No. 119.

The Earl of SELBORNE to the Marquis of TWEEDDALE.

MY LORD,—

Colonial Office, Downing Street, S.W., 5th October, 1899.

I am directed by Mr. Secretary Chamberlain to acknowledge the receipt of your letter of the 28th ultimo, and to thank you for the information which it contains as to the proposal which the Eastern and Eastern Extension Telegraph Companies have made to the Australian Colonies for the extension of the Cape cable to Australia.

2. Copies of your letter and of the previous correspondence between you and Her Majesty's Government as to the proposed Pacific cable have been sent to the Governors of the Australasian Colonies, and their attention has been called to the desire of your companies to be allowed, as a

condition of the extension of the Cape cable to Australia, to collect and deliver their own international messages at Perth, Adelaide, and Melbourne with the same freedom as they enjoy in this country, Cape Colony, and Natal.

The Most Hon. the Marquess of Tweeddale, K.T.

I am, &c.,

SELBORNE.

### No. 120.

The AGENT-GENERAL to the Hon. the PREMIER.

Westminster Chambers, 13 Victoria Street, London, S.W.,

15th December, 1899.

SIR,—

I beg to transmit herewith copy of the instrument received from the Colonial Office, appointing the members of the Pacific Cable Committee. The first meeting (at which I was present) of the Committee was held at the Colonial Office yesterday, the 14th instant.

I have, &c.,

The Hon. the Premier, Wellington.

W. P. REEVES.

### Enclosure in No. 120.

#### WARRANT.

I HEREBY appoint the Right Hon. William Waldegrave, Earl of Selborne, Under-Secretary of State for the Colonies; Sir Francis Mowatt, K.C.B., Permanent Secretary to the Treasury; Sir George Herbert Murray, K.C.B., Secretary to the Post Office; the Right Hon. John Campbell, Earl of Aberdeen, G.C.M.G.; the Right Hon. Donald Alexander, Baron Strathcona and Mount Royal, G.C.M.G., High Commissioner for Canada; Sir Julian Emanuel Salomons, Q.C., Agent-General for New South Wales; Lieut.-General the Hon. Sir Andrew Clarke, R.E., G.C.M.G., C.B., C.I.E., Agent-General for Victoria; and the Hon. William Pember Reeves, Agent-General for New Zealand, to be a Committee to further examine and elaborate the scheme for laying a telegraph cable between British North America and the Colonies of Australia, which was submitted by the Pacific Cable Committee which reported in 1896. Sir Francis Mowatt will act as Chairman.

The first duty of the Committee will be to consider the following points: (1.) The cost of (a) laying and (b) maintaining the line, and whether as a single or duplicated cable. In order to arrive at a conclusion on this point the Committee will be at liberty, if they think proper, to advertise for tenders, on the understanding, however, that no tender can be accepted without reference to the several Governments concerned. (2.) The rates to be charged for messages, and the revenue which the cable may be expected to earn therefrom. (3.) The steps which should be taken in order to secure that all messages between this country and Australasia should be sent solely through British territory or through cables owned and worked by British companies. (4.) The framing of a scheme for the permanent administration and working of the cable when laid.

The conclusions arrived at by the Committee on these points will be laid before the several Governments concerned, who will then decide what further steps should be taken. All questions as to the mode of raising the capital necessary for the undertaking are reserved for the Imperial Government alone.

25th November, 1899.

J. CHAMBERLAIN.

### No. 121.

The Hon. the PREMIER to the AGENT-GENERAL.

SIR,—

Premier's Office, Wellington, 5th January, 1900.

I have the honour to acknowledge the receipt of your letter of the 30th August last, covering copy of the Pacific Cable Act, 1899, passed by the Canadian Dominion Legislature. Two copies of the Pacific Cable Authorisation Act of this colony had already been transmitted to the Hon. the Premier at Ottawa.

I have, &c.,

R. J. SEDDON.

The Hon. W. P. Reeves, Agent-General for New Zealand, London.

### No. 122.

The Hon. the PREMIER to the AGENT-GENERAL.

SIR,—

Premier's Office, Wellington, 1st February, 1900.

I have the honour to acknowledge the receipt of your letter of the 15th December last, transmitting copy of the instrument appointing members of the Pacific Cable Committee, and advising that the first meeting of the Committee was held at the Colonial Office on the 14th idem.

I have, &c.,

R. J. SEDDON.

The Hon. W. P. Reeves, Agent-General for New Zealand, London.



## No. 123.

The Hon. the PREMIER, Wellington, to the SECRETARY of STATE, Ottawa.

SIR,—

Premier's Office, Wellington, 1st February, 1900.

I have the honour to acknowledge the receipt of your letter of the 30th November last, and to thank you for the copy, which you were so good as to enclose, of recent correspondence on the subject of the Pacific-cable scheme.

The Secretary of State, Ottawa, Canada.

I have, &c.,

R. J. SEDDON.

## No. 124.

The Hon. SECRETARY, British Empire League in Canada, Toronto, to the Hon. the PREMIER, Wellington.

British Empire League in Canada, Toronto Branch, 11, Equity Chambers,  
Toronto, 6th February, 1900.

SIR,—

I have the honour to forward to you, by direction of the Toronto Branch, British Empire League, a copy of resolutions adopted at a meeting of the League held in Toronto on the 30th January, 1900.

I have, &c.,

The Hon. the Premier, Wellington.

H. F. HOOPER, Hon. Secretary.

## Enclosure in No. 124.

THE following resolutions were adopted at a meeting of the Toronto Branch, British Empire League, at St. George's Hall, on the 30th January, 1900:—

Resolution No. 1.—Moved by Lieut.-Colonel G. T. Denison, seconded by Rev. Dr. J. Potts: Whereas (1) the Pacific cable has been recognised by Parliament to be an undertaking of peculiar importance to Canada, to the Australasian Colonies, and to the Empire; (2) serious delays in its establishment have heretofore been caused manifestly by the hostile influence of the Eastern Extension Telegraph Company; and (3) the Eastern Extension Company is now engaged in a supreme effort to defeat the project which, if successful, will subordinate the most important public interests to private gains:

In consequence of these efforts, and in order to prevent the subjection of the interests of the colonies and the Empire to private purposes, an appeal should at once be made to our Government and to all the Governments concerned, urging in the strongest terms: First—That it is of vital importance to take prompt action in causing the Pacific cable to be proceeded with as a State undertaking, and completed with the least possible delay; second—That the Home Government, the Government of New South Wales, and other Governments be earnestly asked not to assent to any agreement granting concessions to the Eastern Extension Company which does not contain a clause reserving power to cancel such agreement in the event of the exigencies of the public service demanding this; third—That the time has come when ultimate State proprietorship of all cables between British possessions should be kept prominently in view, and that therefore, in all agreements giving permission to lay new cables by private capital, a condition be attached, in explicit terms, empowering the Imperial Government to assume ownership.—Carried unanimously.

## No. 125.

The Hon. the PREMIER, Sydney, to the Hon. the PREMIER, Wellington.

(Telegram.)

Sydney, 8th February, 1900.

I HAVE received the following cable from the Premier of Canada: "Canada strongly objects to last proposals of Eastern Extension Telegraph Company, or any other that will remove control over telegraph business from local Governments and give Eastern Telegraph Company free hand if competing with Pacific submarine cable."

## No. 126.

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

(Telegram.)

Wellington, 12th February, 1900.

Re Pacific Cable: I am glad to hear that your colony will co-operate with New Zealand and Canada. In this course I fully concur. We are anxious to have the Pacific cable whether the Cape cable is laid or not, and anything we can do to bring this about will be gladly attended to.

## No. 127.

The Hon. the PREMIER to the AGENT-GENERAL.

SIR,—

Premier's Office, Wellington, 16th February, 1900.

Referring to your letter of the 15th December last, transmitting copy of the instrument received from the Colonial Office appointing the members of the Pacific Cable Committee, I have now the honour to inform you that a disturbing factor has been introduced into the Pacific-cable



project by the proposals of the Eastern Extension Australasia and China Telegraph Company. These have led to a difference of opinion among the Governments of the Australasian Colonies, which will retard any definite action on the part of this colony until the report of the Pacific Cable Committee is received.

The proposals were considered at the Conference of Premiers in Sydney in the last week of January. New Zealand was not represented, and I am not yet in possession of an official report of the proceedings. I learn, however, from the Press that Mr. Warren has recommended his company to agree to forego the concession of terminal facilities until the Pacific cable is completed, and to reduce its rates at once. The Conference also adopted the recommendations made by the Secretary of State for the Colonies to the effect that rates once reduced should not be increased, and that the landing-points of the cable should not be determined upon without consultation with the British military authorities. It is reported to-day by Press telegram that the assent of the company has been obtained.

I have, &c.,

J. G. WARD (for the Premier).

The Hon. W. P. Reeves, Agent-General for New Zealand, London.

### No. 128.

The SECRETARY, General Post Office, Wellington, to Mr. J. C. LOCKLEY, Nhill.

SIR,—

General Post Office, Wellington, 5th March, 1900.

I have the honour to acknowledge the receipt of your letter of the 21st ultimo [not printed], forwarding copy of one addressed by you to the Attorney-General for Victoria, urging that the first section of the Pacific cable, viz., from Australia to Fiji, with a branch from Norfolk Island to New Zealand, should be laid at an early date. Your letter and the enclosure will be submitted to the Postmaster-General as desired.

I have, &c.,

W. GRAY, Secretary.

J. C. Lockley, Esq.,

Proprietor, The Nhill Electric Light, Nhill, Victoria.

The SECRETARY, General Post Office, Wellington, to Mr. J. C. LOCKLEY, Nhill.

### No. 129.

SIR,—

General Post Office, Wellington, 14th March, 1900.

Adverting to my letter of the 5th instant, I have the honour to inform you that your communication of the 21st ultimo, together with copy of one addressed to the Attorney-General for Victoria urging that the first section of the Pacific cable, viz., from Australia to Fiji, with a branch from Norfolk Island to New Zealand, should be laid at an early date, has been submitted for the consideration of the Postmaster-General.

The Hon. Mr. Ward desires me to reply that as the matter of the Pacific cable is under the control of a Board in London, on behalf of the several countries interested, no independent action can be taken by this Government in the direction indicated by you.

I have, &c.,

THOMAS ROSE, for the Secretary.

J. C. Lockley, Esq.,

Proprietor, Nhill Electric Light, Nhill, Victoria.

### No. 130.

CIRCULAR LETTER from Sir SANDFORD FLEMING regarding the Pacific Cable Project.

THE PACIFIC CABLE.

Ottawa, 30th March, 1900.

To the British People in the Australasian Colonies :

THE position of the Pacific cable project has become so critical that I make bold, on the eve of the departure of the monthly Australasian mail, to make this appeal to you, my fellow colonists. I have no other excuse to offer for my temerity than the circumstances under which I write.

Australasians and Canadians have long desired to be connected telegraphically. For many years they have looked forward to the time when the British people in the outer Empire would be drawn nearer to each other, and when all would be brought into closer and more intimate relations with the Imperial centre. They have regarded the Pacific cable as a practical bond of union which would foster trade and commerce, and, at the same time, constitute the easy and inexpensive means by which they would exchange their thoughts on all matters in which they have a common interest.

The British people on opposite sides of the Pacific are, in a large measure, strangers to each other, and without the electric bond they cannot but remain estranged. True, it may be said that the means already exist for communicating by telegraph between the two countries. It is possible to send a telegram from Canada across the Atlantic to England, across Europe, or by way of the Mediterranean, to Egypt, across African soil to the Red Sea, by the Indian Ocean to India, and thence through Asiatic lands, seas, and islands (partly in foreign hands) to Australia. But the circuitous route is little used; it may be said to be employed only in emergencies or on extremely rare occasions, owing to the excessive cost of transmitting messages. As an evidence of its inutility, I learn from the Department of Trade and Commerce in Ottawa, that less than half a

dozen telegrams in all have been sent to, or received from, Mr. Larke, the commercial agent of the Canadian Government, during the whole six years he has been officially stationed in Australia. With a direct cable across the Pacific, the conditions would be entirely changed, and telegraphic correspondence would be frequent.

Again, the mail service is wholly inadequate. If the letter I am now writing leaves Ottawa to-morrow, and it be not delayed on the way to the steamer at Vancouver, it will be due to reach Australia in about four weeks; if, however, through any cause the mail-train on the long overland journey be delayed a few hours and reaches Vancouver too late for the steamer, this letter will not reach its destination for eight weeks. These facts strongly emphasize the great need of direct telegraphic connection; they go to show that the moment the Pacific cable comes to be submerged, the subjects of the one Sovereign, now estranged by geographical conditions, will be in a position to transact business and hold intercourse as friends and neighbours. Australasians and Canadians will then be enabled to flash their thoughts as kith and kin.

In the efforts which have been made to accomplish the desired object, there have been great and vexatious delays, but all difficulties were thought to be overcome when, on the 4th July last year, Her Majesty's Home Government, represented by the Colonial Secretary, the Chancellor of the Exchequer, and others, met in conference the High Commissioner for Canada, and the Agents-General for New South Wales, Victoria, Queensland, and New Zealand. At that conference a proposal was made on behalf of the Home Government, in the main satisfactory: in one particular, however, it has proved otherwise. It was proposed that the whole matter should be entrusted to a board of eight members, of which the four contributing Australasian Colonies should be represented by three. So soon as I heard of the proposal, I did not hesitate, as a humble Canadian, to point out that, according to my judgment, the arrangement was unfortunate, and that it was impossible to foresee to what difficulties it might lead. So it has proved. Had the Australasian Governments been allowed one representative each the complications and delays which have since arisen would certainly have been avoided. I venture to say it would have been quite possible to place the whole cable under contract within a few weeks after the date of the conference in July last.

Nearly nine months have now elapsed; we have reached a crisis which may prove fatal to the project, and in consequence I am impelled to address you, begging your sympathetic interest in a matter in which, with Canadians, you are equally concerned.

First, let me bring to your notice part of a speech of the Hon. the Postmaster-General, delivered at the recent annual meeting of the British Empire League. Mr. Mulock said:—"The Pacific-cable scheme to-day I regard as one of vital importance to the great doctrine that we are advocating—the unification of the Empire. We have by steam destroyed distances; oceans that separated the various parts of the Empire in days gone by, now, under the advantage of steam, are connecting-links between the various parts of the Empire. But we cannot, even by these methods alone, perfect the connections; we need in this rapid age, and must have, the still better method of communication which the electric spark affords; it is the only means whereby we can prosecute commerce in times of peace, and in times of trouble carry on successfully the military movements between the various portions of this vast Empire. It will be a national calamity, and nothing less than an unqualified calamity, if there be not a State-owned cable, not owned by one portion of the Empire alone, but by the various portions of the Empire formed into partnership for the common good: it will be nothing short of a national calamity if the scheme should fail."

Bearing on the subject I append my own remarks on the same occasion. I felt it incumbent on me to direct the attention of the League to a proposal to begin at once and gradually build up as opportunity offers a great system of State-owned cables, extending to the British possessions in every longitude. It will be obvious to you that such a system would place the Australasian colonies in a singularly commanding position in relation to the whole Empire; and I have no hesitation in saying that such a system, by reason of its being State-owned, would result in lowering charges on messages, to rates not now dreamed of. If in the United Kingdom charges on messages have been lowered in some cases to one-twelfth what they were when the telegraph-lines were in private hands, are we not warranted in the conclusion that in the larger field like results would follow a like cause? If the application of the principle of State-control in the United Kingdom has lowered charges on messages to  $\frac{1}{4}$ d. per word for all distances, under the same conditions may we not look forward in the near future to the charge on ocean telegrams throughout the Empire being reduced to 1s. per word, or even less? This I conceive is by no means too sanguine a view to take; I have given the matter much consideration, and I am perfectly satisfied that if at this juncture the Australasian Colonies follow a wise course, they will be instrumental in conferring on the British people throughout the world the inestimable blessing of a State-owned cable system, by which eventually the very lowest tariff on messages will be obtainable. I much hesitate to express my full and deliberate views on this point lest I be regarded as a visionary. If, happily, the present difficulty be overcome, the Pacific cable proceeded with, and the larger scheme followed up, I am satisfied that one of the chief objects to look forward to in a few years will be a uniform 6d. tariff the world over for ocean cables: precisely on the principle of Imperial penny-postage. (For reasons and explanations, see my letter to Mr. Chamberlain, October 28, 1898.—Pacific-cable documents printed by Canadian Parliament, 1899, page 22). [Enclosure in No. 28, F.—8, 1899.]

I now venture to ask my fellow-colonists in Australia, is such a purpose as I have pictured worthy of some sacrifice on their part? Is an all-British comprehensive cable-system worth having? Should their answer be in the affirmative, I desire especially to point out to them the remarkable fact that the Pacific cable is the only key to such a new bond of Imperial unity. This fact certainly gives to the Pacific cable an importance which intensifies the calamity pointed out by Mr. Mulock as the inevitable result of failure in establishing that undertaking. These con-

siderations will, I think, appeal to the good sense and the patriotism of Australians, with whom now rests the responsibility of determining whether or not the long projected Pacific cable shall become an accomplished fact.

A single word respecting the proposed cable from Australia to the Cape which for some time has been advocated as a substitute for the Pacific cable. The company proposing to lay that cable offer to lower rates on messages between Australia and England from 4s. 9d. to 4s. per word, on conditions that certain concessions be granted them. The offer may be tempting, but the small immediate gain is not to be compared with the loss which Australia would suffer if the Pacific cable, and together with it the great Imperial scheme, be *per force* abandoned. Has not *Æsop* many centuries ago spoken to countless generations of mankind and told them that in grasping at a shadow the substance may be lost? Speaking for myself, I hold that nothing can take the place of the Pacific cable, and I feel it to be in the interests of the British Empire that no new obstacle should be raised to obstruct the immediate accomplishment of that undertaking. While I firmly hold to that opinion, at the same time I recognise that we cannot have too many cables, if they be judiciously established, to meet public needs. I am, therefore, unable to see any great reason for objecting to the Cape-Australian cable, provided full provision be made for bringing it at any time when required under State control. Under State control it would, in conjunction with the Pacific cable, constitute the major portion of the great Imperial telegraph system.

Having thus briefly expressed my views, the two points which, in conclusion, I would strongly urge are these: (1.) That nothing be done or left undone to further retard the establishment of the Pacific cable. (2.) That in any agreement for laying a cable between Australia and the Cape ultimate State ownership be kept in view and strictly provided for.

I have, &c.,

SANDFORD FLEMING.

### Enclosure in No. 130.

REMARKS ON AN ALL-BRITISH CABLE SYSTEM, submitted at the Annual Meeting of the British Empire League in Canada, March 14th, 1900, by Sir SANDFORD FLEMING.

I ASK permission to submit some remarks bearing on a public question which concerns the whole British people. The people of the British Empire are of all origins; they occupy a collection of States in every region on the surface of the globe, and as the prime object of this league is to unite these peoples, I am satisfied that there is no subject which can more appropriately be considered here to-day than the one to which I propose to invite your attention.

There are already telegraph cables laid from the centre of the Empire to the great colonies in the southern hemisphere, but these cables are in the hands of private companies; on their way from the shores of England to Australia, to South Africa, and to India, these cables touch at foreign ports, or pass over the lands of foreign states, or are laid in shallow seas bordering the shores of foreign nations; they are therefore liable to interruption at a critical moment. Moreover, the charges for the transmission of ordinary messages which are exacted by the companies are so high that the use of the cables is practically forbidden to all but a few persons. In the interests of commerce, of social and political intercourse, and of general public safety, it is felt that a much freer means of communication than now exists is indispensable.

The British people throughout the globe own one flag—they pay homage to one Sovereign—they indeed have many interests in common—they now, or soon will, have one cheap postage, and it is with no little pride and satisfaction we can point to the fact that it is our present Postmaster-General, Mr. Mulock, to whom the British people everywhere, to a large extent, will be indebted for that boon.

The principle of penny postage being adopted and in part put in practice, we are naturally led to consider if it be possible to make a corresponding advance in the matter of telegraphy. We ask ourselves the question, Is it practicable to link the Empire together by a comprehensive cable system, and, if it be practicable, should we take means to enjoy the advantages which it would bring? For my own part I am unable on the one hand to perceive any insuperable obstacle in the way, and on the other I can see nothing that would more tend to unite our people in every longitude than a globe-encircling cable-system under State control.

The scheme is not now broached for the first time, it was the dominant idea at the Colonial Conferences of 1887 and 1894; since these gatherings the suggestion has again and again been brought forward and views expressed in support of the project have been strengthened by reflection and confirmed by experience. To-day it is not for me to enlarge on the scheme or dilate upon the advantages to spring from it. I will merely state that a complete system of telegraphic cables for the whole Empire may be established without involving any extraordinary expenditure. And with respect to the question of State ownership the evidence is indisputable and convincing. I need only refer to the admirable system of land telegraphy throughout the United Kingdom.

The telegraphs of the United Kingdom were at one time the property of private companies who made large profits at the public expense. They adopted the policy of exacting high charges, in some cases ten and twelve times higher than the rates now levied. These companies, like other companies of the present day, made every effort to maintain the monopolistic privileges they enjoyed. It was decreed by Parliament, however, to establish a national system, and the whole came under State control. Since then the telegraph lines have been extended to the remotest places in England, Ireland, and Scotland, and the charges on messages have been so reduced that any two persons, however widely sundered, may interchange their views on any subject at the small cost of 1 cent per word.

This is the result of State control—under State control the utility of the telegraph has been enormously increased, and the charges on messages have been reduced in an inverse ratio to its increased utility. Moreover, it is satisfactory to know that every advantage has been gained with-

out entailing any burden on the taxpayer. We have thus placed before us in the United Kingdom a model which may be reproduced on any scale; we have a unique pattern for imitation in establishing a system of all-British cables encircling the globe; we may indeed regard the State telegraph system of the Mother-country as a microcosmic illustration of the electric nervous system, which the conditions of our world-wide empire already demand.

All will recognise the value of such a system. There is probably no single object which in an equal degree would tend to benefit directly the whole British people, or in a higher degree would influence indirectly the advancement of civilization. We must not, however, lose sight of the fact that the Pacific cable is absolutely essential to the larger Imperial scheme. If we examine a map of the world and weigh every geographical condition, it will be found that the Pacific cable is the key, and the only key, to a globe-encircling all-British telegraph system. By no other route than that of the Pacific cable can all Her Majesty's possessions be brought into direct telegraphic circuit without touching an acre of foreign soil.

The annual report of the League refers to vexatious delays in connection with the Pacific-cable project. The last serious delay can be traced to its origin eight months ago, but I do not propose to allude to the unfortunate cause; I will only mention that the Eastern Extension Telegraph Company has taken advantage of the delay, and made a determined effort to alienate the Australian Colonies from the scheme. That company appears to have left nothing undone to mould public opinion in the colonies in favour of a tempting proposal which they have made to them; the company has succeeded so far as to bring about a tangle in two of the colonies which may not be easily unravelled.

As I view the matter, it is the more desirable and expedient that the resolution before the meeting should be adopted by the League and urged on all the Governments concerned. I feel satisfied that if the recommendations contained in the resolution be acted upon, it will not be possible for the company to injure the Pacific cable in any way which cannot be remedied. The public interests will be effectually safeguarded.

With these few words I beg leave to move the resolution.

MOVED by Sir Sandford Fleming, seconded by Sir Charles Tupper: "The British Empire League in Canada is of opinion that a complete system of State-owned ocean cables, touching the British possessions only and extending to all Her Majesty's colonies throughout the globe, is a project of the first importance. This league, in annual meeting assembled, therefore recommends—(1) That the Home and Colonial Governments should, as a matter of policy, recognise the principle of State control of all British cables, and apply the principle as opportunity offers and as speedily as circumstances will admit; (2) that the Pacific cable should be at once completed as the initial undertaking in such an Imperial system of cables as that indicated; (3) that in all arrangements for connecting by telegraph the possessions of Her Majesty in any part of the globe, provision be made for ultimate State ownership; (4) that in permitting a private company to lay a cable to or from any British possession, landing privileges be granted only on the conditions that Her Majesty may at any time assume possession of the cable on specified terms."

Motion unanimously adopted after discussion.

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### No. 131.

The Hon. the PREMIER, Wellington, to the Hon. SECRETARY, British Empire League, Toronto.

SIR,—

Premier's Office, Wellington, 18th April, 1900.

I have the honour to acknowledge the receipt of your letter of the 6th February last, forwarding copy of resolutions adopted at a meeting of the Toronto Branch of the British Empire League on the 30th June last, urging the prompt construction of the proposed Pacific cable.

I have, &c.,

R. J. SEDDON, Premier.

Captain H. F. Hooper, Hon. Secretary, British Empire League in Canada,  
Toronto Branch, 11, Equity Chambers, Toronto, Canada.

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### No. 132.

[Extract from the *Electrician* of 4th May, 1900.]

#### AN AMERICAN-PACIFIC CABLE BILL PASSED.

THE *Electrical World* of America says that on the 11th April, the Senate passed a Bill appropriating a sum of \$3,000,000 for the construction and laying of a cable between San Francisco and Honolulu, the work to be done under the supervision of the Navy Department, who have surveyed the routes. The Bill provides that any ships, American or foreign, may be used in the laying of the cables. In the event of the Navy Department deciding to accept tenders from other contractors for the complete work, a clause in the Bill provides that the cable, wires, and other necessary instruments, materials, appliances, and appurtenances shall be manufactured in America, provided that the cost do not exceed by more than 12 per cent. the cost of same in any foreign market.

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### No. 133.

Sir AUDLEY COOTE, Sydney, to the Hon. the POSTMASTER-GENERAL, Wellington.

(Telegram.)

Sydney, 5th June, 1900.

THERE is some reason to think Queensland will combine with your Government, but cable must be landed Queensland. I believe I can arrange. See my Siemens offer, December, 1886. Offer the same as before should there be no increase in price of material.

## No. 134.

The Hon. the POSTMASTER-GENERAL, Wellington, to Sir AUDLEY COOTE, Sydney.

(Telegram.)

Wellington, 26th June, 1900.

Yours fifth. Tenders will probably be called for, and you will be advised when this decided.

## No. 135.

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

(Telegram.)

Wellington, 26th June, 1900.

PACIFIC cable and . . . telegram from Secretary of State for Colonies, giving outline London Committee's report: This Government agrees with proposals so far as relate cost of manufacturing and laying cable, estimated annual expenditure, and proposed cable-rate of two shillings a word; but I should be glad to learn views other colonies before forwarding reply to Secretary of State. Consideration of the other questions may, I think, be deferred until receipt of the full report. You are no doubt aware that we passed Act last session fixing New Zealand's proportion of guarantee at one-ninth of the whole cost, and total cost of cable £1,700,000. Will you kindly forward copies of this message to Postmasters-General, Victoria and Queensland, for reply.

## PROPOSED CAPE-AUSTRALIA CABLE.

## No. 136.

The ACTING-MANAGER in AUSTRALASIA, Eastern Extension Company, to the Hon. the POSTMASTER-GENERAL, Wellington.

The Eastern Extension Australasia and China Telegraph Company (Limited),  
Melbourne, 27th July, 1899.

SIR,—

I have the honour to send for your information copy of a letter to the Hon. the Postmaster-General, Victoria, submitting a proposal by my company for an all-British cable to Australia *via* the Cape, together with a reduction of the tariff to four shillings, and a further reduction on a sliding-scale as traffic increases.

I have, &c.,

J. EUSTON SQUIER,

Acting Manager in Australasia.

The Hon. the Postmaster-General, Wellington, New Zealand.

## Enclosure in No. 136.

The ACTING-MANAGER in AUSTRALASIA, Eastern Extension Company, to the Hon. the POSTMASTER-GENERAL, Victoria.

The Eastern Extension Australasia and China Telegraph Company (Limited),  
Melbourne, 24th July, 1899.

SIR,—

Referring to the proposal made to your Government by this company in my interview with you on the 14th instant, I have the honour to confirm the same, with additional particulars supplied by my head office:—

“As public opinion in Victoria apparently favours an alternative cable *via* the Cape rather than the Pacific, and, according to the Chancellor of the Exchequer's admission, the company's Cape proposal was also preferred by the Imperial Government, but fell through because Australia refused to assist it, we are willing to meet the difficulty by making the following liberal concessions—namely, we will entirely waive the renewal of the subsidy and guarantee against competition, and, in addition to providing a cable all the way to Glenelg, *via* Perth, will agree to at once reduce the tariff to four shillings, and make further reductions on a sliding-scale as traffic increases. 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 delivering and collecting their international telegrams to and from the public.”

The privilege mentioned as enjoyed in Great Britain is that the companies pay the British Post Office £5 yearly per mile for each wire, and work both ends by their own operators, collecting and delivering traffic direct with the public. All telegrams to places other than those where the companies have offices are dealt with by the Post Office, who are paid their ordinary inland tariff.

I might mention that a rate based upon that stated above would bring in a revenue to your Government quite as much as that now derived from the international traffic, and the salaries of operators would be saved.

The first half of the all-British Cape-Australian cable—namely, between Great Britain and Cape Colony—is now being manufactured; and, if the company's terms are accepted, the whole line might be in working-order within two years.

I have, &c.,

J. EUSTON SQUIER,

Acting Manager in Australasia.

The Hon. J. Gavan Duffy, M.L.A.,  
Postmaster-General of Victoria, Melbourne.

## No. 137.

The ACTING-MANAGER in AUSTRALASIA, Eastern Extension Company, Melbourne, to the Hon. the POSTMASTER-GENERAL, Wellington.

SIR,—  
The Eastern Extension Australasia and China Telegraph Company (Limited),  
Melbourne, 8th August, 1899.

Referring to my communication dated the 27th ultimo, I have now the honour to submit for your information the details of the sliding-scale proposed by my company in connection with the Cape cable. The tariffs mentioned are to be uniform throughout Australia and Tasmania, the respective Governments still retaining their local transit and terminal rates.

*Minimum Annual Revenue required by Associated Companies.*

Present revenue guaranteed by the Australian Governments	...	£227,000
Plus estimated yearly expenses of the new Cape line	...	123,000
		<hr/> £350,000

The present receipts from the Australian traffic (taking the average of last three years) amount to £365,000, or £15,000 more than the minimum required. If the minimum revenue is maintained, the company offer a uniform half-crown tariff, on the following sliding-scale: If the tariff is reduced to 4s., the company will take the average receipts of the three years 1898, 1899, and 1900, and if the minimum of £350,000 is reached, the rate in 1901 will be reduced to 3s. 6d. If the average receipts of £350,000 are maintained in 1901 at the reduced rates, the tariff will be reduced in 1902 to 3s. If the average receipts be again maintained in 1902, the tariff will be reduced to 2s. 6d. in 1903. Should the average receipts not keep up to £350,000, any one of the above reductions would be postponed until the receipts averaged the standard figure of £350,000 for three consecutive years. The rate to South Africa will be reduced to 2s. per word, or thereabouts.

I have, &c.,

J. EUSTON SQUIER,

Acting Manager in Australasia.

P.S.—When the ordinary rate is reduced to 4s. per word, the Government rate will be fixed at 3s., and the Press rate at 1s. 6d.

The Hon. the Postmaster-General, Wellington.

## No. 138.

The Hon. the PREMIER, Wellington, to the ACTING-MANAGER in AUSTRALASIA, Eastern Extension Company, Melbourne.

SIR,—  
Premier's Office, Wellington, 22nd August, 1899.

I have the honour to acknowledge, with thanks, the receipt of your letter of the 27th ultimo, covering copy of a communication from yourself to the Postmaster-General of Victoria, regarding the terms on which a cable would be laid between Cape Colony and Australia.

As you are probably aware, this colony is committed to the Pacific cable, and could not, therefore, support the Cape-Australia cable scheme.

I have, &c.,

R. J. SEDDON, Premier.

The Acting-Manager in Australasia,

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

## No. 139.

The MINISTER of EDUCATION, Adelaide, to the POSTMASTER-GENERAL, Wellington.

Office of the Minister of Education and Agriculture,  
Adelaide, 22nd August, 1899.

DEAR SIR,—

I forward herewith copy of a report prepared by the Postmaster-General, Sir Charles Todd, on the proposals recently submitted by the Eastern Extension Telegraph Company: (1) To lay a cable from South Africa to Fremantle and Glenelg; and (2) to reduce the rates on cable-grams to 4s. a word on ordinary messages, 3s. on Government messages, and 1s. 6d. on Press messages, subject to further reductions as explained in the report. It will be seen that the financial aspect of the proposed Pacific cable is fully dealt with. As the whole question of cable-communication is now under consideration of the several colonies, it seems to me desirable to furnish you with the report, and I shall be glad to be favoured with your views thereon, especially as the whole matter will come on for consideration by the Federal authorities before long.

Yours, &c.,

RICHARD BUTLER,

Minister of Education.

The Hon. the Postmaster-General, Wellington.

## Enclosure in No. 139.

## SOUTH AUSTRALIA.—REPORT BY THE POSTMASTER-GENERAL ON THE CABLE QUESTION.

[Ordered by the House of Assembly to be printed, 30th August, 1899.]

Post Office and Telegraph Department, General Post Office,  
Adelaide, 3rd August, 1899.

SIR,—

The Eastern Extension Company have submitted the following offer to the Australian Governments:—

(1.) To at once reduce the rates to 4s. a word on ordinary messages, 3s. a word on Government messages, and 1s. 6d. a word on Press messages, which rates they desire should be uniform to all parts of Australia and Tasmania.

(2.) To lay a cable from South Africa to Fremantle and Glenelg.

This cable will be an extension of the direct cable from England to the Cape of Good Hope, now in course of construction. The latter will connect Gibraltar, Sierra Leone, Ascension Island, St. Helena, and thence to the Cape.

The proposed extension to Australia will start from Durban (the land-lines being used from the Cape), and will connect *en route* Mauritius, Rodriguez Island, Cocos, and Fremantle, terminating at Glenelg. The work can be completed in about two years. If the cable ends at Fremantle it would probably be necessary to construct a direct land-line from Adelaide to Perth. The cable would be British throughout, touching no foreign territory, and would provide alternate means of communication with India and other British possessions in the East.

The company, it will be seen, waive all claims for any subsidy or guarantee; they ask, however, that in consideration of this liberal concession they may be allowed to open offices in Perth, Adelaide, and Melbourne to receive and deliver international telegrams from and to the public direct, as they have always done in Great Britain. This, it is understood, is only desired in the event of a State-owned competitive trans-Pacific cable being laid. The reduction on existing rates between Great Britain and the colonies would be as under:—

		Present Rate.		Saving.	
		s.	d.	s.	d.
South Australia...	... On ordinary messages	4	9	0	9 per word.
Victoria	...	4	10	0	10 "
Tasmania	...	5	5	1	5 "
New South Wales	...	4	11	0	11 "
Queensland	...	5	1	1	1 "
Western Australia	...	4	9	0	9 "

Corresponding reductions would, of course, be made on New Zealand business. The proposed tariff is to be subject to further reductions on a sliding-scale, as follows: The present Australasian guarantee to the Eastern Extension Company is £227,000 per annum, as agreed to at the Hobart Postal Conference in 1895. The yearly expenses in connection with the new cable from Africa are estimated at £123,000, making together a total of £350,000, or about £15,000 less than the average of the last three years' revenue from Australasian traffic, accruing to the Eastern Extension and associated companies. Adopting this amount as a basis, the company state in their telegram that when for three consecutive years the total traffic to associated companies has averaged £350,000 the tariff will be reduced to 3s. 6d. per word. Further, if average value in any three consecutive years exceeds £350,000, tariff to be reduced to 3s.; and, finally, if average in any other three consecutive years exceeds the before-mentioned sum, the tariff shall be still further reduced to 2s. 6d. per word; or, as explained in the telegram, if revenue continues to average £350,000 after these several reductions the tariff for—

First three years would be	...	...	...	...	s. d.
Fourth year would be	...	...	...	...	4 0
Fifth year would be	...	...	...	...	3 6
Sixth year would be	...	...	...	...	3 0
	...	...	...	...	2 6

The existing tariff of 4s. 9d. between South Australia and the United Kingdom is apportioned thus:—

United Kingdom or Europe	...	...	...	...	s. d.
Eastern, Eastern Extension, and associated companies	...	...	...	...	0 2
Indian land-line, Bombay to Madras	...	...	...	...	3 7
Java	...	...	...	...	0 3½
South Australia	...	...	...	...	0 1½
	...	...	...	...	0 7
Total	...	...	...	...	4 9

The 3s. 7d. is pooled and divided between the Eastern, Eastern Extension, and Indo-European Companies and the Persian Gulf Telegraph Department, administered by the Indian Government.

As before stated, the company propose that the reduced rates shall be uniform throughout the colonies, the Australian land-charges to be—

On ordinary messages	...	...	...	...	s. d.	s. d.
On Government messages	...	...	...	...	0 6	4 0
On Press messages	...	...	...	...	0 5	3 0
	...	...	...	...	0 4	1 6

and it is suggested that the aggregate revenue from these land or terminal rates shall be pooled and apportioned as under :—

South Australia	...	...	...	...	67·59 per cent.
Western Australia	...	...	...	...	19·39 "
Victoria	...	...	...	...	3·24 "
New South Wales	...	...	...	...	8·37 "
Queensland	...	...	...	...	0·89 "
Tasmania	...	...	...	...	0·08 "
Tasmanian cable	...	...	...	...	0·44 "

Total ... 100·00 per cent.

The average yearly traffic, taking the last two years only, was :—

Ordinary messages	...	...	...	1,862,412 words.
Government messages...	...	...	...	48,608 "
Press messages	...	...	...	141,998 "

Total ... 2,053,018 words.

The colonial receipts under existing transit and terminal rates, taking the average of the last two years, were as follows :—

	Total for Two Years, 1897 and 1898.			Average per Year.		
	£	s.	d.	£	s.	d.
South Australia	89,582	0	0	44,791	0	0
Victoria	4,336	0	0	2,168	0	0
Tasmania and cable	770	0	0	385	0	0
New South Wales	11,084	0	0	5,542	0	0
New Zealand	8,004	0	0	4,002	0	0
Queensland...	1,184	0	0	592	0	0
Western Australia	26,324	0	0	13,162	0	0
Total	£141,284	0	0	£70,642	0	0

Total	...	...	...	70,642	0	0
Excluding New Zealand	...	...	...	4,002	0	0

Australian receipts ... £66,640 0 0

Under pooling arrangements, adopting the percentage apportionment suggested by the Eastern Extension Company, the revenue to each colony would have been—

		£	s.	d.
South Australia	67·59 per cent.	45,042	0	0
Victoria	3·24 "	2,159	0	0
Tasmania	0·08 "	53	0	0
Tasmanian cable	0·44 "	293	0	0
New South Wales	8·37 "	5,578	0	0
Queensland	0·89 "	593	0	0
West Australia	19·39 "	12,922	0	0
Total	100·00 per cent.	£66,640	0	0

nearly corresponding in each case with the actual revenue of the several colonies under their existing charges. With, however, a common Australian terminal rate of 6d. on ordinary messages, 5d. on Government messages, and 4d. on Press messages the aggregate revenue of the colonies, taking the business of the last two years, would, of course, be much less, thus :—

	No. of Words.	£	s.	d.
Ordinary messages	1,862,412 at 6d.	46,560	6	0
Government messages	48,608 at 5d.	1,012	13	4
Press messages	141,998 at 4d.	2,366	12	8
Total	2,053,018	£49,939	12	0

instead of £66,640, and apportioning the receipts on the percentage basis proposed the receipts of each colony would have been—

		£	s.	d.
South Australia	67·59 per cent.	33,754	0	0
Victoria	3·24 "	1,618	0	0
Tasmania	0·08 "	40	0	0
Tasmanian cable	0·44 "	220	0	0
New South Wales	8·37 "	4,180	0	0
Queensland	0·89 "	444	0	0
West Australia	19·39 "	9,684	0	0
Total	100·00 per cent.	£49,940	0	0

In the case of South Australia the loss of revenue would be about £11,000. Failing the acceptance of this percentage division, the company would still adhere to the uniform rates of 4s., 3s., and 1s. 6d. on ordinary, Government, and Press messages respectively, and pay the colonies



their respective rates, taking the risk themselves. In this case, however, it is assumed that South Australia would lower its rates to 4d. on ordinary and Government messages, and to 3d. on Press messages. This, I find, would land the colony—taking the last two years—in a loss of over £18,000 a year on present revenue. Thus, excluding Western Australian business (which goes *vid* Broome, and does not affect South Australia), and taking as before the average traffic of the last two years, the revenue of this colony on international telegrams at existing and proposed reduced rates would be as follows :—

	Approximate Number of Words.	Under old Rates, due South Australia.	Under proposed new Rates, due South Australia.
Ordinary messages ...	1,437,843	At 7d., £41,937	At 4d., £23,964
Government messages ...	42,608	" 5d., £888	" 4d., £710
Press messages ...	117,998	" 4d., £1,966	" 3d., £1,475
Total ...	...	£44,791	£26,149

If these rates are adopted in order to secure the reduced uniform tariff it may be assumed that the other colonies would, under the guarantee still in force, supplement the South Australian receipts up to £37,552, the amount guaranteed, until the Federal Government takes over the telegraph services, when the revenue will go into one Treasury, and one uniform Australian rate probably be adopted. In the meantime, or until we have federation, the percentage division would be preferable.

With this proposal before them the position of the colonies in regard to the Pacific cable is materially altered, and it is well worthy of consideration whether, instead of the colonial Governments individually committing themselves to the large monetary responsibility involved in that undertaking, it would not be better to postpone the matter for a short time and leave it to the Federal Government to deal with, and in the meantime allow the Eastern Extension Company to carry out their plan.

On the one hand, the colonies have an unconditional offer to lay a cable, costing, say, £1,800,000 sterling, along an entirely new alternative route, touching only at British territory, and giving a reduced tariff, without subsidy or guarantee of any kind, which will result in a large saving to the colonies, and tend to the development of trade with Africa. On the other hand, the Pacific scheme involves not only a large initial outlay of £2,000,000 or £4,000,000, according as one or two cables are laid, but a heavy annual loss for many years—a loss, too, which would be increased with another cable in addition to the three we have already.

It may be safely assumed that if the rates are the same, and other things equal, the traffic will be fairly divided between the several routes, or gravitate towards that route which is the most expeditious. The Eastern Extension Company's present cables, *vid* Darwin, have the great advantage of connecting with many feeding places, and will carry all the business with India, China, and other eastern countries; whereas the Pacific, after leaving Vancouver, will touch at no place of any importance, and will depend almost wholly on the traffic with the United Kingdom, Canada, and the United States. The traffic with America is very small—not more than 4 per cent. to 5 per cent. of the whole—whereas we have a considerable amount of cable business with South Africa.

With regard to the Pacific scheme, it is now generally admitted that, in order to secure as far as possible immunity from interruptions, it is necessary, or at least desirable, that there should be two cables. How far this feeling is justified will be seen from the following statement, showing the experience of the Anglo-American Telegraph Company with the Atlantic cables :—

1887	...	...	2 out of 7 cables broken at one time, leaving 5 working.			
1888	...	...	2 " 7	"	"	5 "
1889	...	...	3 " 7	"	"	4 "
1890	...	...	2 " 7	"	"	5 "
1891	...	...	3 " 7	"	"	4 "
1892	...	...	2 " 7	"	"	5 "
1893	...	...	3 " 7	"	"	4 "
1894	...	...	4 " 7	"	"	3 "
1895	...	...	3 " 7	"	"	4 "

The route recommended by the Pacific Cable Committee at London, in 1896–97, was from Vancouver to Fanning Island (or Palmyra Island), Fiji, and Norfolk Island, with branches thence to New Zealand and Queensland.

The Committee point out that "there would be a decided advantage in taking the cable *vid* the Hawaiian Islands, instead of *vid* Fanning or Palmyra Island, as the section would be shorter and less costly for the same speed, or faster for the same cost, and some traffic would, if no line is laid from California, be obtained from Honolulu; but," it is added, "this would involve a departure from the principle of using only British territory." The Committee, however, later on have to admit that the Pacific cable, although connecting with only British territory, would necessarily be dependent on the American land-lines and trans-Atlantic cables.

The telegraph-line from the eastern seaboard of Canada to Vancouver belongs to the Canadian Pacific Railway Company, which connects at Canso, in Nova Scotia, with the Commercial Company's (an American company) three cables from Great Britain. The other Atlantic cable com-

panies, whether British or foreign, connect and are in alliance with the American Western Union Telegraph Company, which effects a junction with the Canadian Pacific Railway Company's lines at Montreal, and will shortly, if it has not already done so, connect with Vancouver by means of its lines through the United States territory as far as British Columbia.

The traffic will therefore be divided, part of it going through an American-owned cable and Canada, and part through British and foreign cables and the United States. The latter route is said to be less affected by adverse climatic conditions and more reliable in the winter. If so, it will carry the greater volume of business. Surely this cannot be called an all-British line of communication complying with the Imperial sentiment which supports the undertaking.

The length of cable by the route recommended by the Committee, allowing 10 per cent. slack, is about 7,986 knots, viz.:—

Vancouver to Fanning Island	...	...	...	...	3,561 knots
Fanning Island to Fiji	...	...	...	...	2,093 "
Fiji to Norfolk Island	...	...	...	...	961 "
Norfolk Island to New Zealand	...	...	...	...	537 "
Norfolk Island to Queensland	...	...	...	...	834 "
Total	...	...	...	...	7,986 knots

The tenders received in 1894 for this section were—

The Indiarubber, Guttapercha, and Telegraph Works Com-	£	s.	d.
pany	1,517,000	0	0
W. T. Henley's Telegraph Works Company	1,826,000	0	0
Siemens Brothers and Company	2,170,000	0	0
Fowler-Waring Cable Company	2,350,000	0	0

The total distance is given as 7,145 knots, which makes no allowance for slack. The tenders are for a State-owned cable, the contractor to maintain and keep the cable in repair for three years. Since these tenders were received the prices of copper and guttapercha have considerably risen. For the latter the price is still rising, and will, I am informed, probably reach 10s. per pound.

The cost of the cable, of course, largely depends on the type of cable to be used, the weight per knot of the copper-wire and the guttapercha forming the core necessary to attain a specified or reasonable speed of working in the longest length—viz., 3,561 knots. Lord Kelvin recommended a core of 552 lb. of copper and 368 lb. of guttapercha per knot for a speed of sixty letters per minute, possibly eighty letters. Sir William Preece, as Chief Electrical Engineer to the British Post and Telegraph Department, recommended 800 lb. of copper and 550 lb. of guttapercha for the longest section. Dr. A. Muirhead thinks a cable of 552 lb. copper and 368 lb. guttapercha, with experienced operators, would give eighty letters per minute, and with 650 lb. copper and 400 lb. guttapercha as much as ninety-five letters per minute, whilst Sir William Preece says it would give at most sixty-three letters, which appears to be confirmed by other experts.

From the somewhat conflicting evidence the conclusion arrived at by the Committee is that a core of 552 lb. copper and 368 lb. of guttapercha would give forty paying letters per minute, and that a core of 650 lb. of copper and 400 lb. of guttapercha would give forty-eight paying letters. They considered that the core should not be lighter than 552 lb. of copper and 368 lb. of guttapercha, nor over the long section heavier than 650 lb. of copper and 400 lb. of guttapercha. The speeds given are the theoretical speeds for simplex working.

As nearly all the cablegrams are in code, about eight letters on the average go to the word, and in calculating the working capacity only paying words should be taken into account, at least one-third of the words sent being non-paying.

Then, again, owing to the difference of longitude—ten hours between England and the eastern colonies—the flow of traffic is mostly in one direction. The bulk of the messages from Australia come in between 4 and 6 p.m., reaching, or being delivered in, London in the early morning, whilst messages from London are handed in during the afternoon and are delivered in Australia in the morning. But little advantage, therefore, is gained by duplexing, which can only occasionally be availed of, and there are many hours in the twenty-four when the cables are practically silent. The business comes in rushes at certain hours of the day, and to work it off quickly to avoid delay duplexing or two cables are required.

In view of this the Committee quite correctly, in estimating the working capacity of the Pacific cable, adopt eighteen hours a day for six days a week, and take into account only payable words, and neglect words used in preambles, official communications, repeats, &c., which constitute, as already stated, fully one-third or more of the total work. Their estimate of a year's payable work with two different types of core is as follows:—

First core (552 lb. of copper and 368 lb. of guttapercha per knot)—Forty paying letters or five paying words per minute, 1,620,000 words a year.

Second core (650 lb. of copper and 400 lb. of guttapercha per knot)—Forty-eight paying letters or six paying words per minute, 1,944,000 words a year.

The Committee estimated the cost of the lighter cable at £1,500,000, and the heavier type at £1,800,000; but, owing to the greatly advanced prices for both copper and guttapercha, the cost now (including survey, station buildings, two repairing steamers, &c., and, say, six months' maintenance by the contractor) would probably exceed £2,000,000 for one cable, or, say, £4,000,000 for two cables, as the extra demand would still further raise the price of guttapercha.

The cables would have to be made in accordance with a specification approved in every respect by the British Telegraph Department. If capital raised at  $2\frac{1}{2}$  per cent., the annual cost would be :—

<i>One Cable.</i>				£	s.	d.
Interest on £2,000,000, at $2\frac{1}{2}$ per cent.	...	...	...	50,000	0	0
Sinking fund, say	...	...	...	20,500	0	0
Working-expenses	...	...	...	25,000	0	0
Maintenance, including two steamers, renewals, &c....	...	...	...	80,000	0	0
Total	...	...	...	£175,500	0	0
If interest $2\frac{3}{4}$ per cent.				£180,500	0	0
<i>Two Cables.</i>						
Interest on £4,000,000, at $2\frac{1}{2}$ per cent.	...	...	...	100,000	0	0
Sinking fund	...	...	...	41,000	0	0
Working-expenses	...	...	...	30,000	0	0
Maintenance	...	...	...	135,000	0	0
Total	...	...	...	£306,000	0	0
If interest, $2\frac{3}{4}$ per cent.				£316,000	0	0

The foregoing estimates are very moderate. The annual cost of maintenance, which includes all repairs and renewals of cable, is necessarily an uncertain and variable factor, as it depends on the nature and number of faults and breakages of the cable, and the quantity of new cable required. A break in the deep sections of the Pacific might, and probably would, cause a prolonged and costly interruption, in which case the estimate for the year might be largely exceeded. We may anticipate that the whole of the original cable would be replaced in probably less than forty years—such is the general experience, and the life of a cable is variously estimated at from twenty-five to thirty years.

The sinking fund provides for various contingencies and for gradual replacement of capital; the working-expenses provide for six stations—Vancouver, Fanning Island, Fiji, Norfolk Island, New Zealand, and the Australian Coast—also for general management.

Coming now to probable revenue, it is, of course, impossible to say how much of the traffic would be diverted. A working arrangement would, no doubt, be arrived at by the proprietary Governments on the one side and the Eastern Extension Company on the other. Actual competition would be avoided, and the rates, as far as possible, assimilated. We may assume that practically the whole of the West and South Australian traffic would go by existing routes and the proposed cable from Africa, and about one-half of the traffic with the eastern colonies, except New Zealand. The number of words during the past three years (1896, 1897, and 1898) was as follows :—

	Words.		
	1896.	1897.	1898.
Victoria ...	551,894 $\frac{1}{2}$	508,554 $\frac{3}{4}$	499,033 $\frac{1}{2}$
Tasmania ...	10,893	12,410	11,718 $\frac{1}{2}$
New South Wales ...	481,409 $\frac{1}{2}$	484,715	486,260
Queensland ...	14,135	52,012 $\frac{1}{2}$	89,889
New Zealand ...	288,842	246,365	221,508 $\frac{1}{2}$
Total east colonies ...	1,347,174	1,304,057 $\frac{1}{4}$	1,308,409 $\frac{1}{2}$
South Australia ...	307,487	306,232 $\frac{3}{4}$	299,319
West Australia ...	672,323	511,926	376,091 $\frac{1}{2}$
Total west colonies ...	979,810	818,158 $\frac{3}{4}$	675,410 $\frac{1}{2}$
Grand total ...	2,326,984	2,122,216	1,983,820

The business with West Australia has largely increased owing to the developments in gold-mining and consequent active speculations. The last two years, however, show a steady decline. Looking at the figures for the other colonies, we find also a decrease in 1898 on 1897. It would not be safe to estimate a yearly increase in the future of more than 5 per cent.; but, to take a favourable view, I would allow, say, 900,000 words as the Pacific cable's share in 1903 or 1904. These would consist mostly of ordinary messages, and the balance the average proportion (about one-ninth) of Government and Press matter. The through rate suggested is 3s. on ordinary messages; or, deducting the out-payments to Europe, the Atlantic cables, Canada, or American land-lines, and Australia, say, 1s. 6d., the Pacific share would be 1s. 6d. Taking, for simplicity's sake, all the words at ordinary rates, we have :—

<i>With One Cable.</i>				£	s.	d.
Revenue—900,000 words at 1s. 6d.	...	...	...	67,500	0	0
Expenditure—One cable	...	...	...	175,500	0	0
Loss, first year, at $2\frac{1}{2}$ per cent. interest on capital	...	...	...	108,000	0	0
Or, if interest $2\frac{3}{4}$ per cent.	...	...	...	113,000	0	0

*With Two Cables.*

Revenue—900,000 words at 1s. 6d. ... ..	£	s.	d.
Expenditure—Two cables ... ..	67,500	0	0
Loss, first year, at $2\frac{1}{2}$ per cent. interest on capital ...	306,000	0	0
Or, if interest $2\frac{3}{4}$ per cent. ... ..	238,500	0	0
	248,500	0	0

Australia would bear one-third the loss.

With a through rate of 3s. 6d., or Pacific charge of 2s. per word, the figures would be :—

*One Cable.*

Revenue ... ..	£	s.	d.
Expenditure (taking interest at $2\frac{1}{2}$ per cent.) ...	90,000	0	0
Loss first year ... ..	175,500	0	0
Or interest at $2\frac{3}{4}$ per cent. ... ..	85,500	0	0
	90,500	0	0

*Two Cables.*

Revenue ... ..	£	s.	d.
Expenditure ( $2\frac{1}{2}$ per cent. interest) ... ..	90,000	0	0
Loss first year ... ..	306,000	0	0
Or at $2\frac{3}{4}$ per cent. ... ..	216,000	0	0
	226,000	0	0

have before said, it would not be safe to calculate on a greater average rate of increase of traffic than 5 per cent. per annum. Assuming this to be accepted, then with two cables, and taking the interest on capital at  $2\frac{1}{2}$  per cent., and the Pacific rate at 2s. a word, the loss during the first ten years would be approximately as follows :—

	Loss.	£	s.	d.
First year ... ..	£	216,000	0	0
Second year ... ..		211,500	0	0
Third year ... ..		206,775	0	0
Fourth year ... ..		201,814	0	0
Fifth year ... ..		196,604	0	0
Sixth year ... ..		191,135	0	0
Seventh year ... ..		185,392	0	0
Eighth year ... ..		179,361	0	0
Ninth year ... ..		173,029	0	0
Tenth year ... ..		166,380	0	0
Total ... ..		£1,927,990	0	0

or an accumulated loss in ten years of £1,927,990, without counting interest.

With one cable the loss would be—

	£	s.	d.
First year ... ..	85,500	0	0
Second year ... ..	81,000	0	0
Third year ... ..	76,275	0	0
Fourth year ... ..	71,314	0	0
Fifth year ... ..	66,104	0	0
Sixth year ... ..	60,635	0	0
Seventh year ... ..	54,892	0	0
Eighth year ... ..	48,861	0	0
Ninth year ... ..	42,529	0	0
Tenth year ... ..	35,880	0	0

Loss in ten years ... .. £622,990 0 0

If we allow an increase of 7 per cent. per annum, which, I fear, is not likely to be realised, the loss would still be very serious, as shown in the following table :—

Seven per Cent. Increase.			Expenditure.						Expenditure.		
			£ s. d.						£ s. d.		
			175,500 0 0						306,000 0 0		
			Revenue.			Loss with One Cable.			Loss with Two Cables.		
			£	s.	d.	£	s.	d.	£	s.	d.
First year	...	900,000 words at 2s.	90,000	0	0	85,500	0	0	216,000	0	0
Second year	...	963,000 "	96,300	0	0	79,200	0	0	209,700	0	0
Third year	...	1,030,410 "	103,041	0	0	72,459	0	0	202,959	0	0
Fourth year	...	1,102,539 "	110,254	0	0	65,246	0	0	195,746	0	0
Fifth year	...	1,179,716 "	117,972	0	0	57,528	0	0	188,028	0	0
Sixth year	...	1,262,297 "	126,230	0	0	49,270	0	0	179,770	0	0
Seventh year	...	1,350,657 "	135,065	0	0	40,435	0	0	170,935	0	0
Eighth year	...	1,445,202 "	144,520	0	0	30,980	0	0	161,480	0	0
Ninth year	...	1,546,366 "	154,636	0	0	20,864	0	0	151,364	0	0
Tenth year	...	1,654,611 "	165,461	0	0	10,039	0	0	140,539	0	0

If we take the Committee's somewhat lower estimate of the yearly expenditure, and put the cost of the cable at £2,000,000, which under such a specification as would satisfy the Imperial



No. 3.—Western Australian Government having informed us they agree to company's latest proposal, hope soon learn that your Government also concur.

No. 4.—Referring last portion our offer to reduce tariff below 4s. on sliding scale, following are details proposition based on arrangement to be applied to South African traffic. Present Australasian guarantee figure is £227,000, to which would have to be added £123,000 to cover estimated yearly expenses in connection with new line between Africa and Australia, making total £350,000, or £15,000 less than average of last three years' Australasian revenue. When for three consecutive years total value of traffic to associated companies has averaged above amount tariff would be reduced to 3s. 6d. per word. If average value any three consecutive years exceeds £350,000, tariff reduced to 3s., and if average any other consecutive three years exceeds that sum, tariff reduced to 2s. 6d. Consequently, if tariff continues to average £350,000 after reductions, tariff for—

							s.	d.
First three years would be	...	...	...	...	...	...	4	0
Fourth year	...	...	...	...	...	...	3	6
Fifth year	...	...	...	...	...	...	3	0
Sixth year	...	...	...	...	...	...	2	6

No. 5.—Since giving you details of sliding scale, following basis, more beneficial to Government, has been arranged for South Africa, and we are prepared extend same basis to Australia. If associated companies' receipts from Australasian traffic at 4s. tariff in 1898, 1899, and 1900 average £350,000, rate would be reduced to 3s. 6d. in 1901. If average receipts maintained at £350,000 for 1899, 1900, and 1901, tariff would then be reduced in 1902 to 3s. If average receipts maintained at £350,000 in 1900, 1901, and 1902, tariff would be reduced in 1903 to 2s. 6d. Should average receipts not keep up to £350,000, any one of above reductions would be postponed until receipts averaged standard figure of £350,000 for three consecutive years.

#### No. 140.

The Hon. the PREMIER, Melbourne, to the Hon. the PREMIER, Wellington.

(Telegram.)

Melbourne, 31st August, 1899.

HAVE you any objection, as our partner in Pacific Ocean telegraph-cable scheme, to Victoria granting concessions asked for by Telegraph Company; which are fully known to you? Has similar proposition been submitted to you; if so, what action has been taken with regard to it?

#### No. 141.

The Hon. the PREMIER, Wellington, to the Hon. the PREMIER, Melbourne.

(Telegram.)

Wellington, 11th September, 1899.

INADVISABLE, I think, allow Eastern Company establish office for delivering and collecting their international telegrams. The concession, it appears to me, would place company in exceptionally strong and independent position as competitor, and prevent Governments determining what traffic should be sent over Pacific cable. Proposals not made this colony, but I received from company copy of letter forwarded your Postmaster-General on 24th July. I replied that, as New Zealand was committed to Pacific-cable scheme, we could not support Cape-Australia cable.

[Read here Enclosure 3 in No. 118, and Enclosures 5 and 6 in No. 119.]

#### No. 142.

The SECRETARY, General Post Office, Wellington, to the ACTING-MANAGER in AUSTRALASIA, Eastern Extension Company, Melbourne.

SIR,—

General Post Office, Wellington, 29th December, 1899.

I have been directed to acknowledge the receipt of your letter of the 8th August last, forwarding information regarding the sliding-scale proposed by your company in connection with the Cape cable.

I have, &c.,

W. GRAY, Secretary.

The Acting Manager in Australasia,  
Eastern Extension Australasia and China Telegraph Company (Limited), Melbourne.

#### No. 143.

The AGENT-GENERAL to the Hon. the PREMIER.

Westminster Chambers, 13, Victoria Street, London, S.W.,

13th January, 1900.

SIR,—

In the last week of December I received from the Agent-General for Victoria copies of correspondence which had passed between the Premiers of New South Wales, Victoria, New Zealand, and Queensland relative to certain proposals of the Eastern Extension Company as to laying the cable between Australia and South Africa, and the terms upon which they were prepared to lay it. The covering letter of the Premier of Victoria stated that the Governments of the four colonies had decided to refer the matter to the Australasian delegates on the Pacific Cable

Board and to the Agent-General for Queensland. I also gathered that we were to confer with the High Commissioner for Canada, and possibly go on to discuss the question with the Colonial Office and the directors of the Eastern Extension Telegraph Company. The four Australasian Agents-General referred to discussed the matter, and on the 8th of this month had a meeting with the High Commissioner for Canada. The Agents-General for Victoria and Queensland and myself were quite clear that the proposals of the Telegraph Company, if accepted, would be fatal to the commercial success of the Pacific cable, and that they had probably been made with this object. The High Commissioner for Canada entirely concurred in this view, and it was agreed that a telegram giving our opinions should be sent to the Premier of Victoria and through him to yourself and the Premier for Queensland. The Agent-General for New South Wales declined to join with us in doing this, on the ground that some six weeks previously he had forwarded a letter from his Government to the Colonial Office asking for the opinion of the Imperial Government on the proposals of the Telegraph Company. He stated also that the Colonial Office had replied to this to the effect that, subject to certain unimportant provisos, it saw no objections to the proposals. I think I may say that this information from the Agent-General for New South Wales caused us some surprise.

The second meeting of the Pacific Cable Board took place on the 9th of this month. All the delegates were present except Lord Aberdeen. A number of communications were read from experts and officials as to the cost of the cable and the advantages of the route proposed. It would appear that since 1896, when the Imperial Commission sat, the Admiralty has taken a number of soundings between Vancouver, Fanning Island, and Norfolk Island. The result of this is reassuring. The bottom on which the cable will have to be laid is favourable, being of brown ooze, and fairly level. There are no remarkable chasms, and the greatest depth is slightly over 3,400, instead of being as deep as 4,000 fathoms, which was at one time suggested. It would seem that Fanning Island will make a very good landing-station. Another point elicited is that a French company has lately laid a cable across the Atlantic from Brest to Cape Cod, which is only 400 miles shorter than the longest link of the proposed Pacific cable. Since 1896, moreover, various savings in processes connected with the working of cables have been discovered, which will materially reduce the cost. As against this, there has been a sharp rise in copper and guttapercha, which will considerably increase the expensiveness of the materials. The main difficulty, however, which we will have to face is that large orders have been lately given for the manufacture of cables, so large as to absorb all the guttapercha in the market for some time to come. I have no doubt whatever that this is in part due to the Eastern Extension Company.

The Hon. the Premier, Wellington.

I have, &c.,

W. P. REEVES.

#### No. 144.

The Hon. the PREMIER, Sydney, to the Hon. the PREMIER, Wellington.

SIR,— Premier's Office, Sydney, New South Wales, 17th January, 1900.

I have the honour to transmit, for your perusal, a copy of a minute which has been written by my honourable colleague the Postmaster-General, relative to the proposals of the Eastern Extension Telegraph Company, (Limited).

I should be glad to be favoured with your Government's views before we come to a final decision; and, in view of the urgency of the matter, perhaps they could be telegraphed.

I have, &c.,

The Hon. the Premier, Wellington.

WILLIAM JOHN LYNE.

#### Enclosure in No. 144.

MINUTE.—*In re* Proposals of the Eastern Extension Telegraph Company (Limited).

IN regard to the present position of this matter, I think it expedient, in view of the recent Ministerial changes in some of the colonies, that the Victorian, Queensland, and New Zealand Governments should be communicated with to the following effect, namely: On the 25th of October, 1899, it was considered desirable by the Government of this colony to ask its Agent-General, by cable, to take the following action:—

“Wish you consult Mr. Chamberlain *re* proposals of Eastern Extension Company as bearing on prospects Pacific cable. Our contract with company expires 31st instant. We desire accept their proposals if Imperial Government see no objection, having in view prospects of Pacific cable. Company entirely waive renewal subsidy, £32,400, and guarantee against competition; and, in addition to providing cable all way to Glenelg, *via* Perth, agree at once reduce tariff to 4s. (present rate 4s. 9d.), Government rate 3s., Press rate 1s. 6d. per word, and make further reductions on sliding-scale as traffic increases. Sliding-scale as follows: ‘The amount now guaranteed by Australian Governments is £227,000, which with £123,000 for the estimated yearly expenses of the new Cape line, forms a minimum of £350,000, or £15,000 less than present actual receipts of associated companies. If receipts for years 1898, 1899, and 1900 average £350,000, the 4s. tariff would be reduced in 1901 to 3s. 6d. If they are maintained at £350,000 for the years 1899, 1900, and 1901, tariff would be reduced to 3s. in 1902. If average receipts maintained 1900, 1901, and 1902, tariff would be reduced in 1903 to half-a-crown a word. Receipts must average £350,000 for three consecutive years before the next reduction of 6d. per word is made.’

"In return, company require same privilege in Perth, Adelaide, Melbourne, and Sydney as now enjoy Great Britain, of directly delivering and collecting their international telegrams to and from public. Privilege mentioned as enjoyed in Great Britain is that companies pay British Post Office £5 yearly per mile for each wire, and work both ends by their own operators, collecting and delivering traffic direct with the public. All telegrams to places other than those where the companies have offices are dealt with by Post Office, who are paid their ordinary inland tariff. If the company's terms are accepted, the whole line might be in working order within two years.

"Company further agrees whilst they enjoy this privilege not to increase tariff as it stands in 1902 or 1903, whichever year is the lower; this agreement obtained in order prevent increase rates should it happen that from any cause Pacific cable be delayed. Cable reply."

In reply, the Agent-General despatched the following two messages :—

2nd November, 1899.

(1.) "Referring to your telegram of the 25th ultimo *re* Eastern Extension Company's proposal, am communicating with Mr. Chamberlain, and hope to report result in a few days.

3rd November, 1899.

(2.) "In continuation telegram second, Mr. Chamberlain sees no objection to acceptance Extension Company's proposals contained in your telegram 25th ultimo. He points out, however, it is not expressly stated that company is not in any case to increase its rates, and phrase at end telegram appears imply power reserved increase rate up to 1903 if revenue falls below amount fixed. Mr. Chamberlain would suggest you stipulate that, once reduction made, it must stand though traffic falls off. He also thinks you should insist on South Africa to Australia cable being made all-British. No mention is made as to rates between South Africa and Australia; and although this point does not directly concern Imperial Parliament or Mr. Chamberlain, of opinion you would do well to stipulate for fair maximum rate, least, if not for sliding-scale, as in other case. Finally, Mr. Chamberlain of opinion that arrangement should be made by which points where new cable landed would be settled in consultation with military authorities, with view ensuring they shall be landed where shore ends can be protected by fixed defences."

It was suggested by the late Postmaster-General of Victoria (Mr. Duffy) that the proposals of the Eastern Extension Company should be submitted to the Advisory Board in England; but this Government did not consent to the adoption of that course, as it was not considered to be any part of the Board's duty to deal with those proposals, and on being so advised Mr. Duffy forwarded, through the Premier of Victoria, a memorandum, dated 24th November, of which the following is a copy :—

"I regret Mr. Lyne's action. The suggested reference is not to the Advisory Board on Pacific Cable, but to the three Australasian representatives. The suggestion is made because—

"(1.) The matter of agreement with Eastern Extension Company is one that should be decided by colonies interested after discussion.

"(2.) It has been found impossible up to the present time to assemble representatives of these colonies in Australia.

"(3.) The directors of the Eastern Extension Company are on the spot in London, and can be dealt with direct. The agent here has no powers.

"(4.) The Australasian members of the Pacific Cable Board are in the best position to ascertain the opinions of the Imperial and Canadian authorities, our partners in the Pacific scheme, as to the proposed concessions; and

"(5.) To see that any concession given to the company will not unduly prejudice the Pacific-cable scheme.

"I presume the Government of New South Wales will not act in the matter without giving us notice confidentially beforehand of what is proposed to be done.

"We are drifting into a most unfortunate position in this affair, owing to the fact that the question has never been properly discussed by the colonies interested. The future of the Pacific-cable scheme is involved, and if we are not careful we will play into the hands of the worst enemies of that scheme.

"If New South Wales Government will not agree to Australasian members Pacific Board acting, will it call conference of colonies interested to discuss question?"

It is understood that the Governments of South Australia and Western Australia have accepted the company's proposals; and I am disposed to advise the Government of this colony to do the same, on condition that it agrees to reduce the tariff at once as regards such colonies as accept the proposals, and that the promised payment of £5 per mile per annum for use of our land-lines be made concurrently with the reduction of tariff, or so soon as we can place a wire at its disposal. We should thus secure an immediate reduction of rates without subsidy or guarantee, whilst under the most favourable circumstances the Pacific cable could not be completed for at least three years.

It is desired to learn the views of the Governments of Victoria, Queensland, and New Zealand on the subject before a final decision with regard to it is arrived at here. The Queensland and New Zealand Governments should be communicated with, as partners in the proposed Pacific-cable scheme, and I would suggest that the latter be asked to reply by cable.

It might be added that the Agent-General for New South Wales, in a letter dated 10th November, 1899, addressed to you, makes the following statement: ". . . The present enhanced value of all the materials needed for the manufacture of cables has made the obtaining of tenders for the Pacific cable within the limits contemplated for the present, perhaps, impossible."

It seems to me that, unless we come to terms with the company, we will be at the company's mercy for at least the next three years.

The Hon. the Premier, Sydney.

W. P. CRICK.



## No. 145.

The Hon. the PREMIER, Ottawa, to the Hon. the PREMIER, Wellington.

(Telegram.)

Ottawa, 22nd January, 1900.

WOULD sincerely hope that project of Eastern Extension Telegraph Company will not be accepted. Any kind of delay at this moment might be fatal.

## No. 146.

The Hon. the PREMIER, Wellington, to the Hon. the PREMIER, Ottawa.

(Telegram.)

Wellington, 23rd January, 1900.

NEW ZEALAND will not accept Eastern Extension Company's offer, and has protested against Australia accepting, as inimical to Pacific cable.

## No. 147.

The Hon. the PREMIER, Wellington, to the Hons. the PREMIERS, Melbourne and Sydney.

(Telegram.)

Wellington, 23rd January, 1900.

HAVE you received recommendation from Secretary of State for Colonies to accede to Eastern Extension Company's Cape to Australia cable scheme? New Zealand considers acceptance of such scheme breach of faith Pacific-cable arrangement, seeing it must reduce earnings and increase liabilities.

## No. 148.

The Hon. the PREMIER, Melbourne, to the Hon. the PREMIER, Wellington.

(Telegram.)

Melbourne, 24th January, 1900.

VICTORIAN Government has received no direct communication from Secretary of State for Colonies concerning Eastern Extension Company's proposals; but Mr. Lyne, Premier of New South Wales, has forwarded a copy of letter from Colonial Office to Agent-General for New South Wales, dated third November, which states that Mr. Chamberlain sees no objection to acceptance of proposals by Government of New South Wales. The whole question is now before the Premiers' Conference in Sydney.

## No. 149.

The Hon. the PREMIER, Wellington, to the Hon. the PREMIER, Brisbane.

(Telegram.)

Wellington, 24th January, 1900.

I YESTERDAY sent following cablegram to Premiers, Melbourne and Sydney: Have you received recommendation from Secretary of State for Colonies to accede to Eastern Extension Company's Cape to Australia cable scheme? New Zealand considers acceptance of such scheme breach of faith Pacific-cable arrangement, seeing it must reduce earnings and increase liabilities.

## No. 150.

The Hon. the PREMIER, Brisbane, to the Hon. the PREMIER, Wellington.

(Telegram.)

Brisbane, 24th January, 1900.

REFERRING to your telegram to-day: Have received no recommendation from Secretary of State on subject. Yesterday telegraphed, in reply to Sir Wilfrid Laurier, that Queensland most desirous see Pacific cable immediately proceeded with and would not lend countenance to any proposals of Eastern Extension Company which might tend to delay or prejudice Pacific-cable scheme.

## No. 151.

The Hon. the PREMIER, Sydney, to the Hon. the PREMIER, Wellington.

(Telegram.)

Sydney, 27th January, 1900.

YOUR telegram of 23rd: On twenty-fifth October last I cabled Agent-General to consult Mr. Chamberlain re Eastern Extension Company's proposals as bearing on prospects Pacific cable. Reply received third November that "Mr. Chamberlain sees no objection to acceptance Eastern Extension Company's proposals contained in your telegram twenty-fifth ultimo. He points out, however, it is not expressly stated that company is not in any case to increase its rates, and phrase at end telegram appears imply power reserved increase rate up to 1903 if revenue falls below amount fixed. Mr. Chamberlain would suggest you stipulate that once reduction made it must stand though traffic falls off. He also thinks you should insist on South Africa to Australia cable being made all British. No mention is made as to rates between South Africa and Australia, and although this point does not directly concern Imperial Government or Mr. Chamberlain, of opinion you would do well to stipulate for fair maximum rate at least, if not for sliding-scale, as in other case. Finally, Mr. Chamberlain of opinion that arrangement should be made by which points where new cable landed would be settled in consultation with military authorities, with view

ensuring they shall be landed where shore ends can be protected by fixed defences.' On seventeen 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.

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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.

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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

Pacific scheme, as it is antagonistic to the objects sought to be obtained by the promoters of that cable from the first occasion on which the scheme was suggested, and all through the various conferences and meetings which have been held from time to time to bring it about: that was, a reduction of the excessive rates charged, and the breaking down of a gigantic and unscrupulous monopoly. Latterly, added to this has been the idea of an all-British cable, but the main reason given for years was the reduction in the rates. All attempts to effect the latter hitherto have been met with extortionate demands for subsidies and guarantees, and it has only been the prospect of a competing cable that has brought the monopolistic company to make their present offer to lay a cable from the Cape to Australia without subsidy or guarantee, but with the right to establish their own receiving and distributing centres throughout the colonies, which, however, is equivalent to a very heavy subsidy. Some two years ago the chairman of the company, at one of its half-yearly meetings, stated that the establishment of cable communication by the Pacific as proposed would mean a loss to the company of £250,000 per annum, and therefore he could assure the shareholders that no stone would be left unturned to prevent a Pacific cable being laid. Every effort has therefore been tried to obstruct the scheme throughout whilst the negotiations were being considered, and this last attempt is for no other purpose. The plausible offer now made, whilst appearing to be very liberal in foregoing any demand for subsidy or guarantee, would, if accepted, be the death-blow to the Pacific scheme. By the enormous subsidies the E.E.A. and C.T. company has received, which are stated by the *Electrical Review* of 7th July last to largely exceed a total of £3,000,000, it has accumulated a reserve which places it in a position to work at a heavy loss, if need be, to compete with the Pacific cable. In this way it might hope to weary the Governments interested in working the cable under heavy losses. It may, however, be pointed out that this line of opposition has not been overlooked in the past, and in advocating the Pacific route it has from time to time been shown that the Governments in working the line could as well afford to send messages free of charge as continue to pay exorbitant subsidies to a monopolistic company. A review of the action of the company can lead to no other conclusion than that its object is to charge the highest possible rates with the view to the payment of big dividends. For example, whilst the rate from Queensland to England is 5s. 1d. per word, the same charge is made per word between Queensland and India. For some time India has been asking for a reduced rate, but is still met with a demand for a subsidy or guarantee to make up the loss sustained; and, with a characteristic duplicity, it has been stated that the reduced rate given to Australian messages was made on the guarantee of £32,400 by the Australian Governments. This is not correct. The £32,400 was not a guarantee, but a subsidy for the laying of the so-called duplicate cable, and a guarantee of a certain fixed revenue had also to be given to secure the present rates. That such a statement should have been made by the chairman of the company shows clearly how the company presume on the ignorance of the public.

In the communication above referred to, made by the acting-manager of the company, and which appears in full in the *Sydney Morning Herald* of the 29th August, a number of cases are cited where the privilege of having their own receiving and distributing offices have been given to cable companies; but they do not appear to be equally applicable to Australia. We have to deal with three large companies bunched into one which form a gigantic monopoly, and to break down this monopoly the various Governments concerned have combined to lay and work their own cable in the interests of the people governed.

The company urge that this is an interference with private enterprise; but, if so, it has only been brought about by an unscrupulous monopoly; and it is contended that it is the function of a Government, particularly in young countries such as Australia, to protect the interests of its own people and to foster and encourage trade in every legitimate way possible.

It is to be regretted that the vexatious delays which have taken place have afforded the company so many opportunities for the exercise of its insidious influence on the Governments, the Press, and the public. Early in 1895, and soon after the Ottawa Conference, Queensland was urged to undertake the laying of the cable on her own responsibility. Had she done so, the work could have been carried out at little more than half the estimated cost of the cable now, and most of the difficulties which have taken place would have been solved.

In view of all the circumstances, the Queensland Government should strenuously protest against the proposed concession for collecting and distributing cablegrams.

Post and Telegraph Department, Brisbane, 12th October, 1899.

## Enclosure 2 in No. 152.

### THE COMPETING CABLES.

(From the *Brisbane Courier*, 31st January, 1900.)

OUR telegrams from Sydney this morning do not throw much light upon the prospects of the Pacific cable. The Eastern Extension Company, however, refuses to entertain the qualifications to its proposals laid down at the Premiers' Conference, and is apparently standing out for concessions as though master of the situation. It is as well, under the circumstances, to see where we stand in this business. Are we to have a State-owned cable to Australia? Or are we to remain at the mercy of a private monopolist? It becomes clearer every day that this is the question these colonies are now called to settle. If the laying of the Pacific State cable were a matter of certainty, it might be open to us to consider the advisableness of adding to our facilities by accepting the offer of a private company to lay a cable from Cape Colony. In that case the only question would be whether, seeing we were part owners, it were wise to divert traffic from the Pacific cable. But in point of fact the Pacific cable is not yet a matter of certainty; and in further point of fact the

Eastern Extension Company make the offers they do because the Pacific scheme is not a certainty, and in the hope that through the acceptance of their offers it may pass into the limbo of abortions. According to cable of yesterday Mr. Chamberlain still regards the construction of the Pacific cable as dependent upon the decision of the Premiers of the interested colonies. If by interested colonies is meant the entire colonies of Australasia, the position is already serious, since three of them—West Australia, South Australia, and latterly New South Wales, through Mr. Lyne—have signified acceptance of the Eastern Company's offers. If the colonies agreeing to contribute to the Pacific cable are alone meant, we have thus far only New South Wales as a weak point. New Zealand, Victoria, and Queensland are now strenuously backing up Canada in their opposition to the Eastern Company's offers, and in their representation that these offers are really meant to put an end to the Pacific project.

That this would be the effect of the acceptance of the company's offers—that, in other words, the question is not the possession of the two cables, but the loss of the independent Pacific line through acceptance of a continued monopoly—is apparent from the circumstances and from the offers of the company themselves. The company have built up an enormous reserve fund out of past privileges, and are perfectly prepared to spend money largely in the retention of their monopoly. That is their conspicuous motive in the offered reduction of rates, which has not been offered where, as in India, their monopoly is not threatened, and which would never have been offered here but as a block to competition. In a Queensland departmental report of October last, extracts from which appear in another column, after referring to the rates proposed by the company (4s. per word, and a reduction to 2s. 6d. as traffic increases), and to the condition of direct access to the public, these words are quoted: "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." This is significant language. The State cable would have hard-and-fast rates; the company could cut below them. When the Postmasters-General of Victoria and New South Wales, agreed in October, that they could support the company's scheme if no "cutting rates" were adopted they were out of court; the company were, in fact, offering to cut rates. But the special right which delivers the company from "fear of competition" is that of direct access to the public. The report just referred to says, "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."

Now, what to common-sense is the result, on a State scheme not yet absolutely decided, of this prospect of cut rates and a retained monopoly? It becomes altogether too costly, and has to be abandoned. Thus, Mr. J. S. Larke, writing to the Queensland Premier on behalf of Canada, in October, 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"—which is the end and aim of the whole proceedings. Those who make a comparison of expense favourable to the Eastern Company's scheme neglect to observe that it is the acceptance of this scheme which puts the Pacific cable out of the question on score of expense.

But now, suppose the Pacific cable blocked, and the Eastern and allied companies once more masters of the situation—as they will be if their scheme is accepted—what then about the cost? They give no definite promise beyond the reduction to 4s. a word; they can make their own terms about the increase of traffic; and they can make their own terms in their private arrangements with their principal customers. Are their services likely to be less costly to the colonies than a cable which for the first time breaks the monopoly, and which is run purely in the public interest? We invite Queenslanders to reflect on their experience of large private monopolies. Would any of us be willing at this moment to have the Post Office in the hands of a single company which could make what terms it pleased? If it were a question of taking the Post Office out of the hands of a private monopolist, who had burdened his helpless customers with heavy rates in past years, would we be cajoled by offers to reduce the rates in fear of the possible loss of a lucrative business, or would we sit easy under the condition that the old monopolistic company should still make its own terms with its customers? Why should we, with world-wide acceptance of State control of the Post Office, prefer the continuance of a private monopoly to State control of our ocean telegraphy? Why should we carry longer on our shoulders this old man of the sea, who in fear of being unseated promises to sit so much more easily upon us, when in fact we can use our own hands instead of his? Other pressing reasons for the change we cannot stay to notice here. But we hold it apparent to common-sense that if ever there was a case in which State action is to be preferred to the action of a money-making company it is the present case of Australasia in relation to ocean telegraphy.

### No. 153.

The Hon. the PREMIER, Brisbane, to the Hon. the PREMIER, Wellington.

(Telegram.)

Brisbane, 1st February, 1900.

At Sydney conference, Queensland, Victoria objected to definite reply being given Eastern Extension Company's proposals until full information obtained from Pacific Cable Joint Board regarding probable effect of adoption of proposals on prospects of Pacific scheme. I entirely concur in your view respecting such proposals; and think Victoria will join us in opposing if joint board report adversely. Would strongly urge you endeavour induce Tasmania fall in with our view.

## No. 154.

The Hon. the PREMIER, Wellington, to the Hon. the PREMIER, Hobart.

(Telegram.)

Wellington, 5th February, 1900.

HAVE received cable from Premier, Queensland, stating, Sydney Conference, Queensland, Victoria objected definite reply being given Eastern Extension Company proposals until full information obtained from Pacific Cable Joint Board regarding probable effect of adoption of proposals on prospects Pacific scheme, and stating his concurrence in our views. He also states belief Victoria will concur. I hope Tasmania will concur and assist us as far as practicable in seeing nothing done prejudicial to Pacific cable.

## No. 155.

The Hon. the PREMIER, Wellington, to the Hon. the PREMIER, Brisbane.

(Telegram.)

Wellington, 5th February, 1900.

HAVE wired Premier, Tasmania, asking him fall in with our views respecting Eastern Company's offer.

## No. 156.

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

SIR,—

Post and Telegraph Department, Brisbane, 12th February, 1900.

Following upon my circular letter dated the 1st instant, drawing attention to the action now being taken by the Eastern Extension Telegraph Company, with the view of inducing the Australasian Colonies to enter into a new agreement which would operate injuriously against the early accomplishment of the Pacific-cable scheme, I have now the honour to forward for your perusal copy of a report of the views held by the Brisbane Chamber of Commerce and communicated to me by a deputation which waited upon me on Saturday last.

I have, &c.,

JAMES G. DRAKE, Postmaster-General.

The Hon. the Postmaster-General, Wellington.

## Enclosure 1 in No. 156.

THE PACIFIC CABLE.—DEPUTATION TO THE MINISTER, FROM CHAMBER OF COMMERCE.—THE GOVERNMENT FIRM.

MESSRS. A. J. Carter (President), J. Leahy, M.L.A., J. Reid, J. Chapman, R. W. Thurlow, A. H. Chambers, J. Arthur, C. E. Bernays, and J. Macdonald represented the Brisbane Chamber of Commerce in a deputation which waited upon the Postmaster-General (Mr. Drake) on Saturday to discuss the probable effect upon the Pacific-cable scheme by the proposal of the Eastern Extension Company.

Mr. Carter said the deputation called with reference to the Pacific-cable scheme, and to ask how matters were going on, and what effect the action of New South Wales at the present time would have in retarding the development of the undertaking. Queensland had always been foremost in insisting upon the all-British cable, and had for the past twenty years been consistent in pointing out the advisableness of having such a line. It had been insisted that if the scheme were not adopted by others it would be a good and patriotic thing for Queensland to take it up alone rather than allow the question to drop. He believed the late Mr. Byrnes was of that opinion, and, further, that as a commercial speculation it would be of advantage to this colony. It was to be regretted that the Postmaster-General in New South Wales was imperilling the position when success seemed almost assured, and this Chamber was anxious that all possible pressure should be brought to bear upon the Government of New South Wales to force them back into the position they occupied some short time ago, as one of the consenting parties to the Pacific cable. As to the advisableness of such a cable, and the prospects of it paying, there was no doubt. The Eastern Extension Company, with their usual astuteness, had succeeded in drawing a herring across the trail in the shape of amended rates, which were very alluring, and it would require all the firmness possible to resist their cajoleries. The position had given rise to a good deal of indignation in England, as the many Press commentaries would show. At a meeting convened by the Liverpool Chamber of Commerce, for instance, Sir E. A. Sassoon, M.P., said: "He had referred to the breakdown of the cable between Delagoa Bay and Mozambique—one of a system for which the proprietary company had received over £1,300,000 from the State in the shape of subsidies. This cable, although laid twenty years ago, had not been duplicated, and was interrupted from 21st October to 15th November last. A few days after its restoration came the news of another interruption of more than a week's duration between Aden and Zanzibar to another unduplicated cable, laid twenty years ago. Both of these were lines upon which they had to depend for the rapid transmission of news from the seat of war, and when these were interrupted they were only able to get news by the long land-line through Natal to Capetown, and so home along the west coast of Africa cables. Where they not entitled to ask to what uses those public funds, so lavishly supplied, had been devoted? Was it understood that these subsidies were to be applied, however indirectly, towards buying out or expropriating accessible land-lines in other parts of the world for the deliberate purpose of smothering and strangling competition, instead of being employed to keep the cables so freely subsidised in a state of efficiency

by timely duplication, so that in the hour of need they might be of service to the nation?" He also said, "A good deal of the toleration shown by the public towards these companies was undoubtedly attributable to the belief—(1) that they were in possession of 'all-British' cables; (2) that these cables were altogether beyond the reach of danger in times of war. He was afraid that the intelligent British public had lulled themselves into a false sense of security, for not only were these companies' cables not 'all-British,' they were not even mainly fixed on British landings; the bulk of them were switched on at Lisbon, Madeira, St. Vincent, Egypt, Java, and other foreign territories; and as regarded their vulnerability, he had pointed out in letters to the *Times* that several cables were easily cut by the American men-of-war, and in some cases, as in the case of Hongkong to the Philippines, cable communication was wholly interrupted, Admiral Dewey having had no difficulty in performing the operation. In the House of Lords, Lord Carnarvon stated, in 1885, that 'the Russian Government had a carefully elaborated scheme for taking measures against our submarine cables in eastern waters.' Sir John Ardagh, Director of the Military Intelligence Department, distinctly pointed out 'that in the event of our losing Egypt, or anything happening in that country adverse to our interests, the Mediterranean cables to Australia, India, and the East generally would be cut at once.' This actually did occur during the bombardment of Alexandria." The very high rates charged by the Eastern Extension Company had enabled them to amass large funds which they were able to use to fight any other cable proposed, and if Queensland did not reject the offer now the company at a later period would simply amass further sums to fight the proposal if it came up. The need for an "all-British" cable was very apparent. In times like this, when we had to depend upon rapid information, it was necessary that our cables should not be in the hands of any foreign power. The Pacific-cable scheme had so far progressed that the Commission was appointed—it was sitting now; they had called for estimates, and had found that the cost of the cable would reach £1,800,000. It was intended to call for tenders during this year. Under these circumstances, to allow the company to follow its old tactics would be to overshadow the Pacific scheme; and a very strong stand should be taken up by the Australian Powers. The opinion of this Chamber of Commerce was very emphatic. They said that the Pacific-cable scheme must be carried through. The public of Queensland, he thought, would go so far as to say that if no one would join with them they, with Canada and New Zealand, would undertake it as a commercial undertaking; and, though he did not usually hold with the Government accepting the responsibilities of a commercial speculation, in a matter of this kind, where it was a question of national importance as well as one of commercial concern, he thought we should insist upon having the Pacific scheme adhered to, which would provide thereby an "all-British" cable. (Applause.)

Mr. Arthur said the best proof of the probable utility of a Pacific cable was the position the other parties were taking up. The concession offered when they were threatened with opposition must be discounted, as it was only wrung from them.

The Postmaster-General, in reply, said: I was very pleased as Postmaster-General to see that the Brisbane Chamber had passed a resolution expressing a very strong opinion on this subject, and I am more particularly pleased that you have come here to-day—no doubt at some inconvenience to yourselves—to explain the views of the Chamber to the Government. Upon this matter, as Mr. Carter has very correctly said, the Governments of Queensland for the past twenty-five years or more have been consistent in their policy of advocating the construction of the Pacific cable. In fact, it has been the consistent policy of the Governments of Queensland and the people of Queensland, I think, from the time the scheme of a Pacific cable was first mooted; and it is certainly to be very much regretted that just now, when it seemed that the construction of the cable was on the eve of accomplishment, the Eastern Extension Company should come forward with a proposal which is manifestly intended to destroy the chance of the scheme being gone on with. The reduction of rates promised, of course, has a very attractive appearance to those in the habit of using the cable; but I cannot quite understand how any intelligent community can snap at a bait like that when the purpose for which the bait is offered is so apparent. (Hear, hear.) The fact that the company is willing to make such a concession now, as Mr. Arthur has said, is an example of the value of the monopoly, which they now have a chance of losing. They have agreed to give, when they find themselves in fear of losing it, what they refused to give before. (Hear, hear.) The Government to-day is just as strong, if not stronger, in its resolve to do everything in its power to see the Pacific-cable scheme carried out, and they will countenance no proposal which will jeopardise it. (Hear, hear.) With regard to the position taken up by New South Wales, I cannot think the people of New South Wales are unanimous in the views expressed by the Postmaster-General, and I do not think the Government there can agree to go forward in direct opposition to the views of the majority of the people of Australia, and on which they have set their hearts. (Hear, hear.) With regard to whether the Government will be prepared to stand out alone with New Zealand and Canada, I will lay that view before my colleagues. I am glad to see by to-day's paper that the Postmaster-General in New Zealand has expressed the strong opinion that if Canada and Queensland stand firm with them the Pacific cable will be secured. I believe myself, I may positively say on behalf of the Government, that Queensland will stand with Canada and New Zealand in doing everything possible to cause the Pacific-cable scheme to be proceeded with at the earliest possible date, and without any possible delay. I sent round a few days ago a circular of which you have received a copy. That circular has been very extensively circulated, and it has been well received, and it has been the means of giving information in some quarters where it was very much needed. What I propose to do on Monday, by circular, is to give the widest publicity to the views you have laid before me. I hope that circular also will have the same good effect. I may, in conclusion, thank you for taking the trouble to come on a morning when I know you are busy.

Mr. Carter mentioned that the Chamber had sent special letters to the Chambers of Commerce in Sydney and Melbourne, asking them to use their strongest efforts to prevent any deviation from the scheme of the Pacific cable.

Mr. Drake said he was very glad to hear it.—*Brisbane Courier*.

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APPENDED TO FOREGOING REPORT: COPIES OF TELEGRAMS RECEIVED.

From the POSTMASTER-GENERAL, Wellington, to the POSTMASTER-GENERAL, Brisbane.  
[See No 126.]

From HENRY CHARLES MITCHELL, Esq., Sydney Chamber of Commerce, to the POSTMASTER-GENERAL, Brisbane.

Exchange Sydney, 12th February, 1900.

OUR Chamber has consistently advocated Pacific cable and will be pleased to see early consummation of same.

From C. HALLEM, Esq., Secretary, Chamber of Commerce, Melbourne, to the POSTMASTER-GENERAL, Brisbane.

Market Street, Melbourne, 12th February, 1900.

By deputation and every possible way have protested against concessions asked for by Eastern Extension.

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No. 157.

The Hon. the PREMIER, Wellington, to the Hon. the PREMIER, Ottawa.

(Telegram.)

Wellington, 13th February, 1900.

ADVISABLE wire your Agent-General if Eastern Company's proposals accepted will mean difference over one hundred thousand pounds annually in earnings Pacific cable, and impress Secretary State that annual maximum risk of loss of twenty thousand to British Government will be doubled. Also represent that at Premiers' Conference three colonies were represented which have always been unfavourable to Pacific cable, whilst New Zealand and Canada not represented at all.

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No. 158.

The Hon. the PREMIER, Wellington, to the Hon. J. GAVAN DUFFY, Melbourne.

(Telegram.)

Wellington, 13th February, 1900.

UNFAIR to New Zealand and Canada for Conference of Premiers to consider Eastern Telegraph Company's proposals, knowing, as you and I do, that there were three colonies represented at that Conference inimical to Pacific cable, and I sincerely hope that Victoria will not break faith.

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No. 159.

The Hon. the PREMIER, Wellington, to the Right Hon. Sir George TURNER, Melbourne.

(Telegram.)

Wellington, 13th February, 1900.

SINCERELY hope Victoria will keep faith with Queensland and New Zealand and Canada respecting Pacific cable. At Conference Premiers neither New Zealand nor Canada represented, whilst, as you know, there were three colonies represented which were unfavourable to Pacific cable.

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No. 160.

The Hon. the PREMIER, Wellington, to the Hon. the PREMIER, Melbourne.

(Telegram.)

Wellington, 13th February, 1900.

NEWSPAPER reports state that at conference Premiers agreed accept Eastern Extension Company's offer with minor changes. On other hand, am informed what was agreed upon was that no action should be taken until it was definitely ascertained what effect adoption of company's proposals would have upon Pacific cable. What is true position? I feel sure, if Eastern Company's proposals accepted, effect would be financially disastrous to Pacific cable. Sincerely hope your colony will keep good faith, and not risk substance for shadow.

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No. 161.

The Hon. the PREMIER, Ottawa, to the Hon. the PREMIER, Wellington.

(Telegram.)

Ottawa, 15th February, 1900.

TELEGRAM received, and representations made at London accordingly.

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No. 162.

The Hon. the PREMIER to the AGENT-GENERAL.

(Telegram.)

Wellington, 15th February, 1900.

It is my wish that you represent to Secretary of State for the Colonies neither Canada nor New Zealand was represented at meeting of Premiers in discussing question of Eastern Telegraph Company's proposals, while three Australian colonies diametrically opposed, or not altogether favourable, to Pacific cable were represented. Acceptance of such proposals must so detrimentally affect the revenue of the Pacific cable as to cause a loss of over £100,000 per annum, and result in several colonies withdrawing from Pacific cable. The maximum risk to Her Majesty's Government, as I understand, was £20,000 per annum. If Eastern Telegraph Company's proposals are accepted, twice that amount will be required.

## No. 163.

The Hon. the PREMIER, Melbourne, to the Hon. the PREMIER, Wellington.

(Telegram.)

Melbourne, 19th February, 1900.

Re Extension Company's proposals: Premiers' Conference favoured granting terminal facilities only when Pacific cable is laid. That arrangement will not insure monopoly to Pacific cable, but will fully safeguard it. It was further suggested at Conference that views of Australasian representatives on Pacific Board be ascertained. No decision arrived at to defer action until their reply received. Victorian Government prepared assist any movement calculated to expedite Pacific undertaking.

## No. 164.

The Hon. the PREMIER, Ottawa, to the Hon. the PREMIER, Wellington.

(Telegram.)

Ottawa, 20th February, 1900.

CANADIAN Government consider granting terms proposed to Eastern Telegraph Company, even when Pacific cable laid, will seriously affect financial prospects and impair usefulness Pacific-cable scheme. Action proposed material alteration condition fixed by Governments former Pacific-cable partnerships, and may endanger scheme. Hope no change without consent of every partner.

## No. 165.

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

SIR,—

General Post Office, Wellington, 23rd February, 1900.

I have the honour to acknowledge the receipt of your printed letter of the 1st instant, drawing attention to the proposals of the Eastern Extension Telegraph Company to lay a cable between Australia and Cape Colony on certain conditions, and to thank you for the copy of the report of your department on the matter and the printed extract from the *Brisbane Courier* of the 31st ultimo.

I have, &c.,

J. G. WARD, Postmaster-General.

The Hon. J. G. Drake, Postmaster-General, Brisbane.

## No. 166.

The AGENT-GENERAL to the Hon. the PREMIER.

(Telegram.)

London, 24th February, 1900.

If possible, will you get Victoria, New South Wales Governments defer concluding agreement with Eastern Telegraph Company few days longer? Even short time valuable. I am moving here.

## No. 167.

The Hon. the PREMIER to the AGENT-GENERAL.

(Telegram.)

Wellington, 25th February, 1900.

PRESS cablegram from New South Wales states that that colony has definitely decided to accept the Eastern Telegraph Company's terms. Have cabled to Premier of Victoria strongly urging that the matter be left open for a few days until the Pacific Cable Board has reported. [No. 170.]

## No. 168.

The Hon. the PREMIER, Wellington, to the Hon. the PREMIER, Ottawa.

(Telegram.)

Wellington, 25th February, 1900.

PRESS cablegram here to effect that Premier New South Wales stated definitely had decided agree Eastern Company's terms. Have wired Victoria and New South Wales urging matter remain in abeyance until Pacific Cable Board's opinion on situation received.

## No. 169.

The Hon. the PREMIER, Wellington, to the Hon. the PREMIER, Sydney.

(Telegram.)

Wellington, 25th February, 1900.

PRESS cablegram states that you have definitely agreed to accept Eastern Company's conditions. Hope that this is not correct, and that before definitely agreeing you will wait a few days to obtain opinion of Pacific Cable Board on the situation.

## No. 170.

The Hon. the PREMIER, Wellington, to the Hon. the PREMIER, Melbourne.

(Telegram.)

Wellington, 25th February, 1900.

LEARN from Press cablegram that Premier New South Wales says that, as far as his colony is concerned, it has definitely made up its mind to accept Eastern Telegraph Company's conditions. If such is the case I regret it very much, as we are all partners in the Pacific-cable scheme. I would strongly urge you to refrain from committing your colony until Pacific Cable Board in London has reported. There can surely be no great urgency. I hope I am not going too far in urging that the position be allowed to remain *in statu quo* for few days.



## No. 171.

The Hon. the PREMIER, Sydney, to the Hon. the PREMIER, Wellington.  
(Telegram.) Sydney, 26th February, 1900.

HAVE not yet accepted company's offer, but as now altered we can secure cheaper rates without giving company any advantage over Pacific cable. Whatever advantage there is will be with the Pacific cable.

## No. 172.

The Hon. the PREMIER, Melbourne, to the Hon. the PREMIER, Wellington.  
(Telegram.) Melbourne, 1st March, 1900.

PACIFIC cable: *Re* your cablegram of 25th ultimo, New South Wales and Victorian Governments have practically agreed on basis of arrangements with Eastern Extension Company. Report of Pacific Cable Board just received. Have not had time to consult Mr. Lyne as to its effects on previous arrangements. I propose doing so at once.

## No. 173.

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

SIR,—

General Post Office, Wellington, 1st March, 1900.

I have the honour to acknowledge, with thanks, the receipt of your further circular letter of the 12th ultimo, forwarding copy of a printed report of the views held by the Chamber of Commerce on the question of the proposed Cape cable.

I have, &c.,

W. GRAY (for the Postmaster-General).

The Hon the Postmaster-General, Brisbane.

## No. 174.

The Hon. the PREMIER, Sydney, to the Hon. the PREMIER, Wellington.  
(Telegram.) Sydney, 2nd March, 1900.

EASTERN Extension proposals: Seems some misapprehension. We are ready and anxious to carry out our undertaking Pacific cable. Admitted all sides this cannot be completed for three years, probably more. Meantime Eastern Extension offer immediate reduction of rates to four shillings, or about sixteen per cent., and by sliding scale coming three years to two shillings and sixpence as business increases; also, lay cable Cape to Adelaide, and then reduce present excessive Cape rates from seven shillings and threepence to two shillings and sixpence word. No concession asked for or given until Pacific cable completed. They want direct offices so as to compete on equal terms, and in meantime any reduction whatever to remain until Pacific cable laid. Our present agreement terminates thirtieth April, and if no fresh one made company can instead of reducing rates increase them up to eight shillings word.

## No. 175.

The Hon. the PREMIER, Wellington, to the Hon. the PREMIER, Sydney.  
(Telegram.) Wellington, 3rd March, 1900.

*Re* your telegram of second instant, respecting Eastern Company's proposals and termination of present agreement: There is nothing to fear as to Eastern Company raising rates. To do so will only recoil upon company. The major question is Pacific cable, in which we are all partners, and we should work in harmony, and there should be no departure unless unanimously agreed to, these being the terms upon which partnership entered on. Past experience Eastern Company vividly demonstrates that has not acted upon philanthropic lines, and reductions now shadowed have only one object in view. Again respectfully and strongly urge you to let matters remain in abeyance until Pacific cable committee has reported on effect concessions to Eastern Company would have upon financial prospect of Pacific cable.

## No. 176.

AN AGREEMENT BETWEEN THE GOVERNMENTS OF SOUTH AUSTRALIA, WESTERN AUSTRALIA, AND TASMANIA WITH THE EASTERN EXTENSION AUSTRALASIA AND CHINA TELEGRAPH COMPANY (LIMITED), AS TO THE RATES FOR TRANSMISSION OF AUSTRALASIAN TRAFFIC.

AN AGREEMENT dated the 14th day of April, 1900, and made between the Government of the Colony of South Australia, by the Honourable John Alexander Cockburn, Knight Commander of the Most Distinguished Order of Saint Michael and Saint George, for and on behalf of the said Government, of the first part; the Government of the Colony of Western Australia, by the Honourable Edward Horne Wittenoom, for and on behalf of the said Government, of the second part; the Government of the Colony of Tasmania, by the Honourable Philip Oakley Fysh, Knight Commander of the said Order, for and on behalf of the said Government, of the third part; and the Eastern Extension Australasia and China Telegraph Company (Limited), (hereinafter called "the Extension Company"), of the fourth part.

WHEREAS the colonies parties hereto of the first three parts are hereinafter referred to as "the contracting colonies": And whereas the telegraphic traffic between the contracting colonies, New South Wales, Victoria, New Zealand, Queensland, and New Caledonia, on the one side, and Europe, and when transiting Europe all other countries beyond Europe, on the other side, to be transmitted

in the terms of this agreement (hereinafter called "the Australasian traffic") is carried by the cables and telegraphic lines of the Extension Company, in connection with lines belonging to the Indo-European Telegraph Department of Her Majesty's Indian Government, the Eastern Telegraph Company (Limited), (hereinafter called "the Eastern Company"), and the Indo-European Telegraph Company (Limited), (hereinafter called "the Cis-Indian Administrations"), and the lines and cables connected therewith: And whereas the present rates for the transmission of the Australasian traffic are governed by three agreements, the first dated the 31st day of March, 1891, and made between Her Majesty the Queen, of the one part, and the Extension Company, of the other part; the second dated the 13th day of December, 1892, and made between Her Majesty the Queen for account and on the authority of the respective Governments of New South Wales, Victoria, South Australia, Western Australia, and Tasmania, of the first part, Her Majesty the Queen on account and by the authority of the Government of New Zealand, of the second part, and the Extension Company, of the third part; and the third dated the 30th day of April, 1895, and made between Her Majesty the Queen by the authority of the Governments of New South Wales, Victoria, South Australia, Western Australia, Tasmania, and New Zealand, of the one part, and the Extension Company, of the other part: And whereas, under clause 8 of the said agreement of the 31st day of March, 1891, and clause 1 of the said agreement of the 30th day of April, 1895, the present arrangement as to rates for the Australasian traffic may be determined by notice, such notice being not less than two calendar months' notice in writing, expiring on the 30th day of April, 1900, or the 30th day of April in some subsequent year, and given either by the Extension Company to the Agent-General of South Australia, or by such Agent-General to the Extension Company in manner mentioned in the said clause: And whereas the Extension Company, in accordance with the said clause 8, has given a notice expiring on the 30th day of April, 1900, to determine the present arrangement as to rates for the Australasian traffic: And whereas it is intended that the rates for the Australasian traffic shall, after the said 30th day of April, 1900, be those hereinafter mentioned: And whereas the present terminal stations in Australia of the Extension Company's submarine cables are situated at Port Darwin, in the Colony of South Australia, and Roebuck Bay, in the Colony of Western Australia: And whereas it is intended that the Extension Company in co-operation with the Eastern Company shall lay a new cable between Durban, in the Colony of Natal, South Africa, and Australia as hereinafter provided, hereinafter called "the new cable": And whereas a project has been set on foot by the British, Canadian, and certain Australasian Governments for laying a cable to be known as, and herein referred to as, "the Pacific cable":

Now, this indenture witnesseth, and it is hereby agreed and declared by and with the contracting colonies and their successors and the Extension Company, their successors and assigns, as follows, that is to say,—

1. As from the 1st day of May, 1900, the rates for the transmission of the Australasian traffic by the existing lines and cables, and from and after the opening for traffic of the new cable, as hereinafter mentioned, the rates for the transmission of such traffic and the apportionment of such rates on either cable shall (subject to the provision of Article 5 hereof) be the rates and apportionment specified in the schedule hereto, Table A.: Provided always this shall only apply to the colonies entering into this agreement.

2. In these presents and the schedule hereto by "Government telegrams" are meant political or administrative telegrams sent from or to Her Majesty, and by Her Majesty's Principal Secretary of State for the Colonies, or any Government department in the United Kingdom, or the respective Agents-General for any of the contracting colonies, on the one hand, and by the Governors, Ministers, or any officer in charge of any Government department of any of the contracting colonies, on the other hand, on matters relating to the public business of the said colonies, or any of them.

3. By "Press telegrams" are meant telegrams addressed to any newspapers duly published in accordance with the respective laws relating to the publication of newspapers in force in the United Kingdom or the colonies or countries in which they are respectively published and intended in good faith for publication in full in such newspapers, and shall include only such as are intelligible, and written in English or French in plain language, and without the use of cipher, code, groups of figures, or letters or words of concealed meaning.

4. The respective Governments of the contracting colonies shall, in respect of telegrams forming part of the Australasian traffic, be entitled to be paid out of the rates charged for transmitting the same the terminal charges specified in the said schedule hereto.

5. If on the 1st day of January, 1901, or on the 1st day of January in any subsequent year, the receipts of the Extension Company and the Cis-Indian Administrations from the Australasian traffic, after deducting out-payments charged by other Governments and Administrations, shall have averaged during the three previous consecutive calendar years a sum of £330,000 per annum, or any sum in excess of that amount, the rates for the transmission of the Australasian traffic (except New South Wales, Victoria, New Zealand, Queensland, and New Caledonia traffic) to and from Europe *via* Singapore and Suez or Teheran, or *via* the Cape Colony and St. Helena, shall be reduced to three shillings and sixpence per word for ordinary telegrams, two shillings and sixpence per word for Government telegrams, and one shilling and fourpence per word for Press telegrams, which reduced rates and their apportionment are specified in the schedule hereto, Table B; and if at the expiration of any subsequent calendar year, after such reduction has been made, the said average receipts of the three previous consecutive calendar years shall have amounted to or shall have exceeded the said sum of £330,000, the rates for such traffic (except as aforesaid) by the said routes shall be reduced to three shillings per word for ordinary telegrams, two shillings per word for Government telegrams, and one shilling per word for Press telegrams, which reduced rates and their apportionment are specified in the schedule hereto, Table C; and if at the expiration of any subsequent calendar year, after such further reduction has been made, the

said average receipts of the three previous consecutive calendar years shall have amounted to or exceeded the said sum of £330,000, the rates for such traffic (except as aforesaid) by the said routes shall be reduced to two shillings and sixpence per word for ordinary telegrams, two shillings per word for Government telegrams, and one shilling per word for Press telegrams, which reduced rates and their apportionment are specified in the schedule hereto, Table D: and such rates respectively shall be considered in the respective cases in this clause defined to be the maximum rates for the time being for the purposes of this agreement.

6. Nothing herein or in the said schedule contained shall prevent the Extension Company from varying the apportionment of any rate, provided the total rate is not increased and the proportion payable to any of the contracting colonies is not reduced beyond the limits contained in the said schedule.

7. If and whenever the said rates are reduced in pursuance of clause 5, the terminal charges payable to the respective Governments of the contracting colonies in respect of telegrams transmitted at such reduced rates shall be reduced according to the scale set forth in the said schedule hereto.

8. After any reduction in the rates for Australasian traffic and in the terminals shall have been made under clauses 5 and 7 hereof, or by the Extension Company or Cis-Indian Administrations of their own motion, the said rates and terminals shall not again be raised, except as provided in clause 9.

9. From and after the opening for traffic of the Pacific or any other competing cable nothing in this agreement contained shall prejudice the right of the Extension Company and the Cis-Indian Administrations to at any time reduce the rates for the Australasian traffic, including Government and Press telegrams, and at pleasure to raise them subject to the maximum limits in each case fixed by this agreement.

10. In the event of the full rates for the Australasian traffic being at any time reduced by the Extension Company and the Cis-Indian Administrations, the charge per word for Government telegrams shall not exceed the full out-payments for the time being charged by Governments and Administrations, and three-fourths of the rate retained by the Extension Company and the Cis-Indian Administrations for their own use and benefit.

11. The Extension Company shall, within three months from the expiration of the year 1900, and within a like period from the expiration of each subsequent calendar year, send to the Government of each of the contracting colonies an account showing the receipts of the Extension Company and the Cis-Indian Administrations from Australasian traffic during such year after deducting out-payments charged by other Governments and Administrations, and such account shall, when required by the contracting colonies or any of them, be verified by the production in London of the account-books of the Extension Company kept in respect of or relating in any way whatever to the Australasian traffic, and when so required by a statutory declaration made by the manager, secretary, traffic accountant, or other duly authorised officer of the Extension Company.

12. The Extension Company shall, with all convenient speed after the necessary landing-rights have been obtained, procure to be manufactured and laid between Durban, in the Colony of Natal, and Australia a submarine telegraph cable (herein called "the new cable"), in the five sections following, that is to say: (1) Durban to Mauritius; (2) Mauritius to Rodriguez; (3) Rodriguez to Cocos; (4) Cocos to Fremantle, in Western Australia; and (5) Fremantle to Glenelg, in South Australia. The Extension Company shall also lay, or procure to be laid, in connection with the new cable two subterranean land-lines, one from Fremantle to Perth, in Western Australia, and the other from Glenelg to Adelaide, in South Australia. The Extension Company shall also establish and supply, or procure to be established and supplied, all stations offices and apparatus necessary for the proper working of the new cable and the said subterranean land-lines.

13. The contracting colonies shall have the right to use the cable from Glenelg to Fremantle at the rate of fivepence per word, such right only to arise in the event of the land-lines not being in working-order, it being understood that precedence shall always be given to international traffic. The cable between Fremantle and Glenelg shall not, as long as the land-lines between the colonies of Western Australia and South Australia shall be in working-order, be used to transmit inter-colonial telegrams not forming part of the international traffic.

14. The respective Governments of South Australia and Western Australia, subject to satisfactory arrangements approved by those Governments respectively, shall, without charge, give to or procure for the Extension Company—(1) Suitable sites for stations and offices at Glenelg and Adelaide, and at Fremantle and Perth respectively; and (2) all such lands, landing-rights, licenses, and other rights and facilities as may be reasonably required by the Extension Company, for the purpose of laying and working the new cable and the said subterranean land-lines, or for the purpose of duplicating the new cable or the said land-lines or laying such further cables or land-lines as may be required for the efficient maintenance of the telegraph service between Europe and Australasia.

15. The Government of South Australia shall, so soon as the next following clause comes into force, provide and maintain in efficient working-order, at its own expense, for the transmission of the Australasian traffic, a special wire on the Government posts between Adelaide and the Victorian frontier, and between Adelaide and the New South Wales frontier. The said special wires shall be respectively connected with the offices of the Extension Company in Adelaide, and shall always be at the service of and worked by the staff of the Extension Company. The charges therefor to be paid by the Extension Company to South Australia shall be the terminal rates mentioned in the said schedule, and shall be reduced under that schedule as occasion shall arise, on reduction by the Extension Company of their cable charges.

16. The Extension Company shall, on and after the opening for traffic of the Pacific cable or any other competing cable, be entitled to open local offices, and to collect direct from and to deliver direct to the public in the Cities of Perth, Adelaide, and Hobart any telegrams forming part of the

Australasian traffic, and shall pay to the contracting colonies the terminal rates specified in the schedule in respect of all such messages so collected or delivered, provided that formal notice of not less than six months shall be given to the Extension Company to enable them to prepare for opening their offices simultaneously with the competing cable.

17. The Australasian traffic shall be transmitted *via* the new cable, or *via* Port Darwin, as the exigencies of the traffic of the Extension Company may require; but traffic received *via* Port Darwin for transmission to places beyond Adelaide shall be handed to the Extension Company at Adelaide for such transmission so soon as the company have their own offices and special wires as provided for in Articles 15 and 16 hereof.

18. Upon the opening of the new cable for traffic, the net charges of the Extension Company and the Eastern Company, after deduction of out-payments for telegrams between the contracting colonies and Durban, or Capetown, shall not exceed two shillings.

19. Each of the Governments of the respecting contracting colonies shall cause all cables, cable apparatus, telegraph instruments, machinery, stationery, and goods of any kind of the Extension Company, or their assigns, which are used solely for the purpose of the cable business of the Extension Company, or their assigns, or for laying, repairing, or working any of their cables, land-lines, or cable-ships, to be relieved from all Custom duties and wharfage rates in its own respective colony; and shall cause every vessel which shall be used by the Extension Company, or their assigns, for the purpose of laying, repairing, or duplicating any cable, or any vessel belonging to or chartered by the Extension Company, or their assigns, in which any such cable, cable apparatus, and telegraph instruments, machinery, stationery, and goods as aforesaid shall be carried, to be exempt from all port and light duties, whether upon entering any port or passing through any waters of any such colony or otherwise howsoever; and shall also repay to the Extension Company such sums as will be sufficient to recoup the Extension Company any income-tax, and any rates or taxes Parliamentary or otherwise, which the Extension Company shall be required to pay in such respective contracting colony, except rates and taxes on premises occupied as local offices for the purpose referred to in clause 16 hereof: Provided always, however, and it is hereby mutually agreed and declared by and between the parties hereto, that nothing in this present clause shall be deemed to waive, defeat, modify, or affect any privileges, exemptions, or rights belonging to the Extension Company, or their assigns, under certain articles of agreement bearing date the 29th day of August, 1871, and made between the Governor of the Province of South Australia, of the one part, and the British Australasian Telegraph Company (Limited), of the other part, or under certain other articles bearing date the 14th day of March, 1889, and made between the Government of Tasmania, of the one part, and the Extension Company, of the other part; but on the contrary this present clause shall be deemed to be collateral and additional to each of the last-mentioned articles of agreement.

20. Nothing in this agreement contained shall prevent the Extension Company, at any time after they shall have commenced working the new cable, from closing their station at Roebuck Bay and taking up the cable which lands at that place, subject to consultation with the Government of Western Australia.

21. This agreement shall remain in force until rescinded by mutual consent, expressed in writing.

22. The contracting colonies, or any of them, may at any time after clause 16 is in operation, and so often as they or it pleases, appoint a confidential officer to peruse and inspect all telegrams received at the offices of the Extension Company in such colonies, and all messages handed to the Extension Company in such colonies at its offices for transmission.

In witness whereof the Honourable Sir John Alexander Cockburn, K.C.M.G., on behalf of the Government of South Australia, the Honourable Edward Horne Wittenoom, on behalf of the Government of Western Australia, and Sir Philip Oakley Fysh, K.C.M.G., on behalf of the Government of Tasmania, have hereunto set their hands and seals, and the common seal of the Eastern Extension Australasia and China Telegraph Company (Limited) hath been hereunto affixed the day and year first above written.

Signed, sealed, and delivered by the above-named Honourable  
Sir John Alexander Cockburn, K.C.M.G., on behalf of the } JOHN A. COCKBURN. (L.S.)  
Government of South Australia, in the presence of—  
MARGT. S. COCKBURN,  
21, Sunderland Terrace, Bayswater.

Signed, sealed, and delivered by the above-named Honourable  
Edward Horne Wittenoom, on behalf of the Government } E. H. WITTENOOM. (L.S.)  
of Western Australia, in the presence of—  
R. C. HARE,  
15, Victoria Street, S.W., Secretary.

Signed, sealed, and delivered by the above-named Honourable  
Sir Philip Oakley Fysh, K.C.M.G., on behalf of the Govern- } P. O. FYSH. (L.S.)  
ment of Tasmania, in the presence of—  
ALEC JACK,  
50, Old Broad Street, London, E.C., Clerk.

The common seal of the Eastern Extension Australasia and  
China Telegraph Company (Limited) was hereunto affixed,  
in the presence of—

J. DENISON-PENDER, Director.  
F. E. HESSE, Manager.

{ The common seal of  
the Eastern Extension  
Australasia and China  
Telegraph Company  
(Limited). }

SCHEDULE.

TARIFF PER WORD and APPORTIONMENT of Australasian Terminal Charges for Traffic exchanged between Australasia and Europe on and after 1st May, 1900, and to come into Operation upon further Reductions of Rates taking place under the Provisions of Article 5.

	ORDINARY.						GOVERNMENT (British Imperial and Colonial).						PRESS.					
	South and West Australia.	Victoria.	New South Wales.	Queensland.	Tasmania.	New Zealand.	Extension Com-pany: Tas-mania or Syd-ney-Nelson Cable.	Darwin, Roe-buck Bay, Perth, or Ade-laide and Europe.	Total.	South and West Australia.	Victoria.	New South Wales.	Queensland.	Tasmania.	New Zealand.	Extension Com-pany: Tas-mania or Syd-ney-Nelson Cable.	Darwin, Roe-buck Bay, Perth, or Ade-laide and Europe.	Total.

Table A.

S. and W. Australia ..	s. d. 5	s. d. 5	s. d. 5	s. d. 5	s. d. 5	s. d. 5	s. d. 5	s. d. 5	s. d. 5	s. d. 5	s. d. 5	s. d. 5	s. d. 5	s. d. 5	s. d. 5	s. d. 5	s. d. 5	s. d. 5
Victoria ..	0 70	0 70	0 70	0 70	0 70	0 70	0 70	0 70	0 70	0 70	0 70	0 70	0 70	0 70	0 70	0 70	0 70	0 70
New South Wales ..	0 7	0 7	0 7	0 7	0 7	0 7	0 7	0 7	0 7	0 7	0 7	0 7	0 7	0 7	0 7	0 7	0 7	0 7
Queensland ..	0 7	0 7	0 7	0 7	0 7	0 7	0 7	0 7	0 7	0 7	0 7	0 7	0 7	0 7	0 7	0 7	0 7	0 7
Tasmania ..	0 50	0 50	0 50	0 50	0 50	0 50	0 50	0 50	0 50	0 50	0 50	0 50	0 50	0 50	0 50	0 50	0 50	0 50
New Zealand ..	0 7	0 7	0 7	0 7	0 7	0 7	0 7	0 7	0 7	0 7	0 7	0 7	0 7	0 7	0 7	0 7	0 7	0 7
Total ..	0 5	0 5	0 5	0 5	0 5	0 5	0 5	0 5	0 5	0 5	0 5	0 5	0 5	0 5	0 5	0 5	0 5	0 5

Table B.

	ORDINARY.						GOVERNMENT (British Imperial and Colonial).						PRESS.					
	South and West Australia.	Victoria.	New South Wales.	Queensland.	Tasmania.	New Zealand.	Extension Com-pany: Tas-mania or Syd-ney-Nelson Cable.	Darwin, Roe-buck Bay, Perth, or Ade-laide and Europe.	Total.	South and West Australia.	Victoria.	New South Wales.	Queensland.	Tasmania.	New Zealand.	Extension Com-pany: Tas-mania or Syd-ney-Nelson Cable.	Darwin, Roe-buck Bay, Perth, or Ade-laide and Europe.	Total.

Table C.

S. and W. Australia ..	s. d. 5	s. d. 5	s. d. 5	s. d. 5	s. d. 5	s. d. 5	s. d. 5	s. d. 5	s. d. 5	s. d. 5	s. d. 5	s. d. 5	s. d. 5	s. d. 5	s. d. 5	s. d. 5	s. d. 5	s. d. 5
Victoria ..	0 70	0 70	0 70	0 70	0 70	0 70	0 70	0 70	0 70	0 70	0 70	0 70	0 70	0 70	0 70	0 70	0 70	0 70
New South Wales ..	0 7	0 7	0 7	0 7	0 7	0 7	0 7	0 7	0 7	0 7	0 7	0 7	0 7	0 7	0 7	0 7	0 7	0 7
Queensland ..	0 7	0 7	0 7	0 7	0 7	0 7	0 7	0 7	0 7	0 7	0 7	0 7	0 7	0 7	0 7	0 7	0 7	0 7
Tasmania ..	0 50	0 50	0 50	0 50	0 50	0 50	0 50	0 50	0 50	0 50	0 50	0 50	0 50	0 50	0 50	0 50	0 50	0 50
New Zealand ..	0 7	0 7	0 7	0 7	0 7	0 7	0 7	0 7	0 7	0 7	0 7	0 7	0 7	0 7	0 7	0 7	0 7	0 7
Total ..	0 5	0 5	0 5	0 5	0 5	0 5	0 5	0 5	0 5	0 5	0 5	0 5	0 5	0 5	0 5	0 5	0 5	0 5

Table D.

	ORDINARY.						GOVERNMENT (British Imperial and Colonial).						PRESS.					
	South and West Australia.	Victoria.	New South Wales.	Queensland.	Tasmania.	New Zealand.	Extension Com-pany: Tas-mania or Syd-ney-Nelson Cable.	Darwin, Roe-buck Bay, Perth, or Ade-laide and Europe.	Total.	South and West Australia.	Victoria.	New South Wales.	Queensland.	Tasmania.	New Zealand.	Extension Com-pany: Tas-mania or Syd-ney-Nelson Cable.	Darwin, Roe-buck Bay, Perth, or Ade-laide and Europe.	Total.

## No. 177.

The POSTMASTER-GENERAL, Adelaide, to the SECRETARY, General Post Office, Wellington.  
(Telegram.) Adelaide, 16th April, 1900.

AGENTS-GENERAL Tasmania, Western Australia, and South Australia signed agreement on Saturday, and Berne notified that reduced rates to the three contracting colonies will come into force on 1st May.

## No. 178.

The POSTMASTER-GENERAL, Adelaide, to the SECRETARY, General Post Office, Wellington.

Post Office and Telegraph Department, General Post Office, Adelaide,  
19th April, 1900.

SIR,— I enclose you copy of a telegram that I sent to Mr. Lambton, in order that correct figures may be taken as regard cable-receipts.

With respect to clause 9 of the agreement with the Cable Company, it was proposed to add the words: "namely, 3s. 6d. per word on ordinary telegrams, 2s. 6d. per word on Government telegrams, and 1s. 4d. per word on Press telegrams." This, however, has been rendered unnecessary, as the Eastern Extension Telegraph Company have explained, in a letter to the Agents-General, that the words "subject to the maximum limits in each case fixed by this agreement" mean that, if the rates have been reduced to 3s., the maximum limit to which they could be raised would be 3s. 6d.; and, if reduced to 2s. 6d., they could not be raised above 3s.; 3s. 6d. and 3s. being the maximum in each case.

The words proposed to be added have, therefore, been struck out by the Agents-General for Tasmania, Western Australia, and South Australia, who have signed the agreement on behalf of the colonies accepting the terms of the Cable Company.

The Secretary, General Post Office, Wellington.

Yours, &c.,

C. TODD.

## Enclosure in No. 178.

The POSTMASTER-GENERAL, Adelaide, to the DEPUTY POSTMASTER-GENERAL, Sydney.

(Telegram.)

Adelaide, 18th April, 1900.

THERE appears to be some confusion about the guarantee and the receipts of the cable companies. Mr. Cook says the receipts going to credit of guarantee are derived from only the forwarded traffic from Australasia. I need not say that the traffic both ways is taken.

Our books show that the gross receipts for international traffic for year ending 31st December, 1898, were £466,075, of which £334,525 went to credit of guarantee, representing the net receipts, after deducting all out-payments to other administrations, of the Eastern Extension and associated companies, parties to the guarantee. In 1899 the gross receipts were £542,681, and the net receipts £391,136. In the first three months of 1900 the gross receipts were £147,305, or net receipts of cable companies £103,902.

Adopting these figures, the cable companies' receipts for the three years ending the 31st December, 1900, may be put down at £378,545, or, excluding Australasian traffic with India and China, £358,545. The rates, therefore, will certainly be reduced to 3s. 6d. on the 1st January, 1901. I also regard as certain that the cable-receipts for the three years 1899, 1900, and 1901, will average £330,000 per annum, which will insure further reduction to 3s. on the 1st January, 1902.

## APPENDICES.

## APPENDIX A.

## SINGAPORE AND HONGKONG SECOND CABLE, 1893.

AGREEMENT, made the 28th day of October, 1893, between the Most Honourable the Marquis of Ripon, &c., Secretary of State for the Colonies, of the one part, and the Eastern Extension Australasia and China Telegraph Company (Limited), (hereinafter called the "company"), of the other part.

WHEREAS it is expedient that the existing telegraphic communication with Hongkong should be strengthened by the laying of a second submarine telegraph cable between Singapore and Hongkong without touching at any point not in British territory and connecting at Labuan *en route*; and whereas the company are prepared to provide, lay, and work such a cable forthwith at their own cost on the conditions hereinafter expressed. It is hereby agreed as follows:—

*Article 1.*—The company will at their own cost, and as promptly as possible, provide and lay a submarine telegraph cable connecting Singapore, Labuan and Hongkong, and will work and maintain the same in good condition (save in cases of *force majeure*) for the term of twenty-five years from the date hereof, and upon the same terms and conditions as the existing cables of the company, except so far as these terms and conditions are varied by this agreement in respect of the new cable.

*Article 2.*—During the term of this agreement all messages on the service of the Imperial Government, or of the Colonial Governments of Hongkong, the Straits Settlements, or Labuan, may be sent over any line owned or controlled by the company at one-half the rates paid by the public.

*Article 3.*—Her Majesty's Government will invite the Colonial Governments of Hongkong, the Straits Settlements, and Labuan to provide that the company's repairing-steamers, and all cables, cable apparatus, telegraphic instruments, and materials which are used solely for the purposes of the company in laying, repairing, or working the new cable, shall, during the term of this agreement, be exempt from payment of port and light dues at Hongkong, Singapore, and Labuan.

*Article 4.*—In consideration of the engagements entered into by the company in this agreement, and of the strict fulfilment thereof, Her Majesty's Government undertakes to secure the company against competition to the extent following, that is to say :—

Her Majesty's Government will not during the term of this agreement lay, nor grant nor permit to be granted any concession or authority for laying, any new submarine cables connected with Hongkong, Singapore, or Labuan (whether in competition with the cables of the company or not) unless such new cables should, in the opinion of Her Majesty's Government, be found necessary in the public interest of Great Britain, Hongkong, the Straits Settlements, or Labuan, or in the general interests of international telegraphic communication : Provided always that if it shall be decided that new cables are to be laid the company shall, all things being equal, have the preferential right to the contract or concession for laying the same : Provided that this article shall not prevent the Great Northern Company from repairing, renewing, or replacing any submarine cable connected with Hongkong, and shall not prejudice or affect the existing rights of that company.

*Article 5.*—Her Majesty's Government shall have the option at any time of cancelling all the foregoing articles of this agreement on giving to the company twelve months' previous notice, and on payment to the company of a sum of £300,000, being the estimated cost of laying such second cable.

*Article 6.*—Immediately on the payment of the amount provided in the last preceding article the said second cable shall become the property of Her Majesty's Government, and this agreement shall at once cease and determine.

*Article 7.*—Nothing in this agreement shall affect the right of Her Majesty's Government to grant to the Government of the Dominion of Canada or of any colony in Australia permission to lay or cause to be laid a submarine telegraph cable connecting Hongkong with Canada or with Australia, provided such connection with Canada or Australia be completed within five years from the date of this agreement, after which date the exception in this article mentioned shall become null and void.

*Article 8.*—This agreement, unless sooner determined under Article 5, shall remain in force for the term of twenty-five years from the date hereof.

In witness whereof the said George Frederick Samuel Robinson, Marquis of Ripon, &c., has, to one part of this agreement, set his hand and seal, and the company have, to another part of this agreement, caused their common seal to be affixed, the day and year above stated.

RIPON.

#### APPENDIX B.

#### PROPOSED PACIFIC CABLE.

MR. CHAMBERLAIN TO LORD MINTO.

(Code telegram.)

26th April, 1899.

REFERRING to your telegram of 24th April, Her Majesty's Government, anxious to show sympathy with Canadian and Australasian Governments by assisting Pacific-cable scheme, but cannot agree to take active part in laying or working line. Are accordingly willing to make contract with those Governments by which they assist setting up financially in every respect as if it were an enterprise of a private company, on these conditions :—

Firstly. That Canadian and Australasian Governments undertake to construct line and to provide yearly any further sum necessary for efficient maintenance and working.

Secondly. That subsidy runs for twenty years from opening of line to traffic as long as it is open, allowing reasonable time for repairs when communication interrupted.

Thirdly. That in accordance with specifications and samples to be approved by Treasury, and to satisfaction of officer appointed by Treasury for this purpose, cable is constructed, submerged in proper order, and equipped with proper stations and officers at places approved by Treasury, and effectively worked by sufficient staff of efficient officers, being British subjects.

Fourthly. Messages from Imperial Government to be transmitted in priority of all others ; rates not to exceed half those payable from general public.

Fifthly. That all rates charged to public, whether for messages to or from or between intermediate stations, or for through messages between this country, Australia, and New Zealand, are approved by Treasury.

Sixthly. Annual returns duly certified and audited to be rendered to Treasury as soon as possible after anniversary of opening, showing net traffic receipts for messages sent over line, deducting payments for further transmission by other lines ; also expense incurred, including interest of sinking fund and maintenance of repairs and working.

On examination of account Treasury will pay to person chosen by Colonial Governments five-eighths of deficit not exceeding £20,000 per annum.

Seventhly. Cable to be worked in accordance with International Telegraph Convention, 1875. Despatch follows by mail [see Enclosure in No. 42, F.—8, 1899.]

CHAMBERLAIN.



## APPENDIX C.

SIR,—

Ottawa, 5th May, 1899.

I have the honour to submit for the information of the Government a communication of this date, addressed to the British people, setting forth the present position of the Pacific-cable movement.

I have, &amp;c.,

Hon. R. W. Scott, Secretary of State.

SANDFORD FLEMING.

## THE PACIFIC-CABLE MOVEMENT: ITS PRESENT POSITION.

To the British People.

Ottawa, 5th May, 1899.

WITHIN the last few days it has been stated that the Home Government has not responded to the proposals of Canada, Australia, and New Zealand respecting the establishment of the Pacific cable in the way that the Governments of the people of these countries had reason to expect, in consequence of which a feeling of disappointment and surprise is on all sides expressed.

It had been arranged that the Pacific cable should be established as a national work, the Governments of Canada, Australia, and New Zealand being joint partners with the Imperial Government.

This arrangement has been slowly developed. It has been generally favoured by all the Governments for some time. The Home Government has frequently been asked to take the initiative in carrying it into effect, but the Colonial Secretary has always insisted that Canada and the Australasian Colonies should take primary action by determining what proportion of the cost of the undertaking each would be willing to contribute.

It has been a matter of much difficulty to reach an agreement on this point, and the difficulty has been enhanced by the great intervening distances and the character of the means of communication, in consequence of which much delay has arisen. At length, however, conclusions have been arrived at. On 20th August last the Australasian Colonies finally agreed to contribute eight-eightieths of the cost, and last month Canada finally undertook to contribute five-eightieths, making thirteen-eightieths in all, thus leaving only five-eightieths to be assumed by the Home Government.

It appears that the Home Government, although it has not absolutely declined to enter into the partnership and assume the remaining five-eightieths share of the liability, has merely offered to bear five-eightieths of any loss of revenue (not exceeding £20,000) which may result from operating the cable, provided priority be given to Imperial Government messages and that they be transmitted at half ordinary rates.

As this proposal, at the eleventh hour, taken by itself, involves an entire change in the well-known plan upon which Australia, New Zealand, and Canada have been proceeding in their negotiations for more than two years, and, moreover, is in itself of no value in securing the establishment of so important a national work, it is impossible to believe that it is the full or the final judgment of Her Majesty's Home Government, for the following reasons, viz. :—

(1.) It would always be regarded as a recession on the part of the Mother-country from a common understanding with Canada, Australia, and New Zealand.

(2.) It would always be regarded as an attempt to retard the expansion and cripple the commerce of the Empire in the interest of a few rich monopolists.

(3.) It would always be regarded by the people of Canada, Australia, and New Zealand as an unjustifiable and discourteous act to them.

(4.) Its effect would be far-reaching, and its immediate effect would be a fatal blow to the scheme for establishing a system of State-owned British cables encircling the globe.

(5.) It would be a very grave retrograde step in the Imperial movement which aims to draw closer the bonds between the Mother-country and her daughter-lands.

Some of the grounds for these reasons may be stated as follows :—

The principle of joint Government ownership was referred to at length at the Ottawa Conference, where Lord Jersey represented the Home Government (see page 67 of the proceedings appended to Lord Jersey's report). Lord Jersey, in his report, alluded to State ownership (page 15), and said that the matter of joint ownership was "left undecided, and indeed must remain so till the two main points of route and cost are settled. Once they are arranged definite agreements become possible." Both these points were shortly afterwards settled. The question of route was settled by sending a Special Commissioner to the Hawaiian Islands to obtain a landing-station. A landing on any one of the islands was refused, and there remained only one route for the cable to follow. The second point was settled by the Canadian Government taking steps, as authorised by the Conference, to ascertain the cost. Both points were thus settled before the end of 1894. Up to that date there was some divergence of opinion as to the best means of establishing the cable—whether by a subsidised company, or a State work to be jointly owned and controlled by the several Governments—but there was no difference of opinion afterwards.

The Canadian Government gave notice, by public advertisement in London and elsewhere, that they were prepared to receive proposals in several forms. The result showed beyond all question that the principle of State ownership was the true principle for establishing this particular work in the interests of the British people.

In 1895 the High Commissioner for Canada and the Agents-General for the Australasian Colonies were charged by their respective Governments to represent to the Colonial Secretary the importance attached to the Pacific cable, and to ask that an Imperial Commission be appointed to promote it. The Colonial Secretary, Mr. Chamberlain, constituted an Imperial Cable Committee, which sat in London in 1896, and reported on 5th January, 1897. The report of this Committee has been published only a few days ago, but some information respecting the decisions and recommendations of the Committee were given to the public directly after it was signed. Among other things published in January, 1897, it was stated in the London, Canadian, and colonial Press that the principle of State ownership was favoured. The full text of the report was sent confidentially



to each respective Government, and its whole contents has, of course, been known to them for more than two years. In short, ever since the Cable Committee made their investigation the principle of State ownership has been accepted, and it has been understood that the Pacific cable should be jointly owned by the Home Government, Canada, Australia, and New Zealand in proportions to be determined. The only question remaining unsettled was the precise share to be assumed by each.

To determine the last question has been a matter of great difficulty, and it has caused much delay. The Australasian Governments have had several conferences among themselves, and when at last they agreed, on 20th August, 1898, to bear eight-eightieths of the whole liability it was with the distinct condition that the Imperial and Canadian Governments would together contribute the remaining five-ninths of the capital required. The Canadian Government has done her part by accepting without cavil the principle of State ownership, and by undertaking to contribute as large a share of the capital as the Imperial Government. The Australasian Colonies and Canada have together agreed to bear thirteen-eightieths of the liability, leaving only five-eightieths for Great Britain to assume. In view of all the circumstances narrated it may reasonably be expected that this matter will be reconsidered and that Her Majesty's Home authorities will yet see their way to complete the partnership arrangement which Canada and Australia and New Zealand are so desirous of having consummated, in their own interests and in the interests of the whole Empire.

There is no denying the fact that the British communities on both sides of the Pacific Ocean have a determined enemy in the Eastern Extension Telegraph Company. In his published letter to Sir Wilfrid Laurier, of 28th December, 1897, [p. 27, F.-8A, 1898] the writer pointed out the exact position of that company. Fearing competition and a reduction in the high charge exacted, its attitude has always been hostile to the Pacific cable. On every occasion during the past twelve years it has thrown obstacles in the way of connecting Canada and Australasia telegraphically, and has frequently employed subtle means to accomplish its ends. One such attempt was exposed at the last meeting of the Canadian Senate (April 28th), when the Secretary of State and the leader of the Opposition were of one mind in denouncing it. On that occasion the Minister of Justice used these words:—

“I apprehend that for a hundred years there has been nothing more seriously done under Imperial authority affecting colonial interests than the attempt to create a monopoly and restrain and cripple the commercial growth of this country.”

The case alluded to is but a single illustration of the means taken by that company to defeat the aspirations of Canada and Australasia. When the history of the conflict between these countries and the monopoly comes to be written it will be found that the case recently unveiled does not stand alone—that there are a number of other cases equally extraordinary.

The monopoly's present design is to delay the British Pacific cable until their own adverse scheme be sufficiently advanced. There is evidence to show that the Eastern Extension Company is in alliance with a company organized in the United States to lay a cable from San Francisco to Manila. This company did not succeed before Congress rose in getting the subsidy it sought, but it succeeded in defeating the Government measure to establish a cable to Manila under the United States Post Office Department. Having done so there is a strong probability that it will obtain all it wants when Congress again meets. With a cable stretched from San Francisco to Manila and there connected with the Eastern Extension cables, the two companies will practically become one concern. If before then the British Pacific cable has made no progress there will be small hopes for it afterwards.

Obviously the Eastern Extension Company has much to gain by delay, and they will secure ample delay for their purpose if the Home Government now departs from the plan upon which Australia, New Zealand, and Canada have acted with the full knowledge of the Colonial Office. But we must refuse to believe that Her Majesty's Government will, without any previous intimation, withdraw from the arrangement, and make an offer practically of no value, the first effect of which would be the defeat of the British Pacific cable project. The offer is that for certain stipulated advantages the Treasury in London will pay five-eightieths of any deficiency in earnings. What does this mean? It is not a subsidy of £20,000, as stated in the Press, or of any sum. If we refer to the reports of the Canadian Commissioners, Lord Strathcona and Honourable A. G. Jones, of the 12th January, 1897, we find that in the year 1902, if the cable be then laid, and it could not possibly be laid sooner, there would be an actual profit ranging from £13,000 to £40,000. If we turn to the report of the Cable Committee, of which Lord Selborne was Chairman, there would be no deficiency in revenue if the present charges are maintained, and even if they be lowered fully 33 per cent. the deficiency would only be £12,000 in 1902, while there would be no deficiency in 1903 or in any subsequent year. The offer, then, is that under a certain contingency the Treasury may be called upon to pay five-eightieths of £12,000 for one year only, and for this possible payment the Imperial Government could claim priority of transmission and half-price on all messages for an indefinite number of years.

In December last the Press of Great Britain was ringing the praises of a proposal to establish a State-owned system of electric cables for the Empire. It is recognised that a British Pacific cable is the key and the only key to such a system. Without a telegraph connecting Canada and Australasia the greater scheme is impossible.

“The general testimony of the British Press is that the Pacific cable, apart from its inherent merits, would be the direct precursor of a ‘round the world’ cable system for the Empire; that as such it would lead to cheap telegraph transmission between every British possession, promote closer union, develop commerce, and confer many social as well as naval and political advantages.”

If these are objects worth having there must be nothing done or left undone which will cause further delay; it is therefore with gratification we read in this evening's newspapers the following condensed telegram:—

10—F. 8.

“Fearing that Great Britain’s departure from the original proposal would delay and thus defeat the Pacific cable, British Columbia offers to contribute two-eighteenths of the cost, in addition to Canada’s five-eighteenths.”

It is a mistake to suppose that a Pacific cable is greatly required by Canada for purely Canadian purposes. While it is necessary to Australasians and their correspondents in the United Kingdom to have an alternative line in order that correspondence may be facilitated and never interrupted, it is not so indispensable to the Dominion. It must be recognised by all that Canada is mainly moved not by local or narrow selfish considerations, but by her zeal for Imperial unity.

The joint ownership of the cable by Great Britain, Canada, Australia, and New Zealand would be a unique co-partnership unparalleled in history—it would be an object-lesson to the modern world. To throw this co-partnership overboard at the last moment would be a momentous step backward in the movement which we had hoped would bring into permanent alliance Great Britain and her great self-governing daughter nations in both hemispheres.

SANDFORD FLEMING.

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