

1914.
NEW ZEALAND.

TELEGRAPH CABLES

(FURTHER PAPERS RELATING TO).

[In continuation of Paper F.—8, presented on the 29th August, 1913.]

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

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PACIFIC CABLES.

No. 1.

The HIGH COMMISSIONER to the Hon. the PRIME MINISTER.

Westminster Chambers, 13 Victoria Street, London S.W.,
20th September, 1913.

SIR,—

Referring to my letter of the 27th September, 1912 [No. 1, F.—8, 1913], I have the honour to enclose herein copy of a letter from the Colonial Office covering a communication from the Imperial Treasury, showing the amounts recoverable from the Colonial Governments in respect to the deficit on the working of the cable for the year ended 31st March, 1913, and asking that arrangements might be made for payment to the Imperial Treasury of the sum of £3,585 10s. 10d., being the amount due from the Government of New Zealand.

I accordingly telegraphed to the Treasury at Wellington on the 11th instant, and having received in reply a cable bank-order for the above amount, payment has been made to the Imperial Treasury.

The payment will appear in the next accounts to be rendered to the Treasury.

I have, &c.,

C. WRAY PALLISER,

For High Commissioner for New Zealand.

The Hon. the Prime Minister, Wellington.

[P. & T. 11/1.]

Enclosure in No. 1.

The ASSISTANT UNDER-SECRETARY OF STATE, Colonial Office, to the SECRETARY TO THE HIGH COMMISSIONER.

SIR,—

Colonial Office, Downing Street, 9th September, 1913.

I am directed by Mr. Secretary Harcourt to transmit to you, for the information of the High Commissioner, the accompanying copy of a letter from the Treasury on the subject of the expenses incurred in connection with the Pacific Cable Board for the year 1912–13, and to inquire whether he can arrange to pay to the Imperial Treasury the sum of £3,585 10s. 10d., being the amount due from the Government of New Zealand.

2. I am to add that copies of the papers enclosed in this letter have been forwarded to the Governor of New Zealand.

The Secretary, Office of the High Commissioner for New Zealand.

I have, &c.,

H. W. JUST.

Sub-enclosure 1 in No. 1.

The ASSISTANT SECRETARY TO THE TREASURY, London, to the UNDER-SECRETARY OF STATE, Colonial Office.

SIR,—

Treasury Chambers, 3rd September, 1913.

I am directed by the Lords Commissioners of His Majesty's Treasury to request you to inform Mr. Secretary Harcourt that the Pacific Cable Board's account of the expenses of the cable for the year ended the 31st March last has now been audited. A copy of the auditor's report is enclosed herewith, from which it will be seen that the deficit on the working of the cable for the year 1912–13 amounted to £32,269 17s. 5d., and the sums recoverable from the Dominion Governments are therefore as follows:—

	£	s.	d.
Australia (six-eighteenths)	10,756	12	5
Canada (five-eighteenths)	8,963	17	1
New Zealand (two-eighteenths)	3,585	10	10

£23,306 0 4

I am accordingly to request you to move Mr. Harcourt to communicate with the Dominion Governments concerned, in order that these amounts may be paid as soon as practicable to the credit of the account of the vote for telegraph subsidies and Pacific cable.

A copy of the printed account as presented to Parliament is also enclosed.

I have, &c.,

The Under-Secretary of State, Colonial Office.

T. L. HEATH.

Sub-enclosure 2 in No. 1.

The AUDITOR TO THE TREASURY, London, to the SECRETARY TO THE TREASURY, London.

SIR,—

Treasury Chambers, 29th July, 1913.

I have the honour to report that I have audited the accounts of the Pacific Cable Board for the year ended 31st March, 1913, in accordance with the instructions conveyed in their Lordships' minute of the 17th April, 1902, and have found them correct.

The annual expenses of the cable, as defined in section 3 (2) of the Pacific Cable Act, 1901, so far as they were not met out of the receipts arising in connection with the cable, amounted in the year to £32,269 17s. 5d.

There is, therefore, recoverable from the contributing Colonial Governments a sum of £23,306 0s. 4d., representing thirteen-eightieths of the net expenditure, viz.:—

	£	s.	d.
Australia (six-eightieths)	10,756	12	5
Canada (five-eightieths)	8,963	17	1
New Zealand (two-eightieths)	3,585	10	10
	£23,306	0	4

By letter dated the 28th November, 1912, the Treasury approved of the application of a sum not exceeding £175,000 from the Pacific Cable Board's reserve funds to the work of laying a submarine cable between Australia and New Zealand, authorized by the Pacific Cable Act, 1911.

The amount actually paid in the year of account was £174,351 7s. 8d., but it is anticipated that some further small payments will be made in the current year.

In addition to this cash expenditure, reserve cable to the value of £6,779 19s. 6d., which was purchased out of the reserve fund in previous years, has been taken out of stock and used for the extensions. Against this, however, has to be set off the value of the portion of the contract cable which has not been actually used, and which has been taken into stock, amounting to £5,381 7s. 2d., the net charge to the new cable being £1,461 12s. 4d.

I beg to submit that the accompanying account, which has been duly certified, be presented to Parliament in compliance with section 7 of the Pacific Cable Act, 1901.

I have, &c.,

The Secretary to the Treasury.

G. H. HUNT, Auditor.

Enclosure in Sub-enclosure 2 in No. 1.

The CHAIRMAN, Pacific Cable Board, London, to the LORDS COMMISSIONERS OF HIS MAJESTY'S TREASURY, London.

MY LORDS,— The Pacific Cable Board, Queen Anne's Chambers S.W., 17th July, 1913.

I have the honour, on behalf of the Pacific Cable Board, to submit, in the form hitherto adopted, the following accounts: (i) The sum issued out of the Consolidated Fund, and the expenditure of the Board on Capital Account; (ii) the money borrowed and the securities created; (iii) the aggregate amount of capital expenditure up to the 31st March, 1913; (iv) the expenses of the cable in the year ending 31st March, 1913; (v) the account of the Provident Fund; and (vi) the account of the Reserve and General Renewal Fund.

2. The results of the year's working are set forth in the following statement:—

	Receipts.			£	s.	d.	£	s.	d.
Traffic receipts	170,307	5	8			
Less Atlantic companies' charge for conveying date and time, and for delivering duplicate copies in London and other large centres in United Kingdom	4,280	8	5	166,026	17	3
Bank interest	278	1	7
Refund tolls and dues	615	16	2
Charter of "Iris"	980	0	0
							£167,900	15	0

Expenditure.

	£	s.	d.
Head office (salaries and expenses, canvassing, engineers' fees, and royalties)	9,102	3	0
Cable-stations (salaries and expenses)	68,096	0	0
Ship's salaries and expenses	13,379	13	9
Provident Fund	2,047	17	8
Renewal Account	30,000	0	0
Excess of receipts over expenditure	45,275	0	7

£167,900 15 0

3. The sum of £45,275 0s. 7d. was thus available towards meeting the annuity of £77,544 18s. payable to the National Debt Commissioners in respect of interest and sinking fund on the sum of £2,000,000 advanced by them for the purpose of providing the capital required for laying and equipping the Pacific cable. This is £8,229 1s. 6d. more than was available in the year 1911-12, and reduces by an equal amount the sum to be provided by vote of the Imperial and Dominion Parliaments, which will be £32,269 17s. 5d. for the year under review.

4. The net traffic receipts, as shown in the accounts, exceeded those of 1911-12 by £11,135, and were more by £9,026 than was originally estimated by the Board. The real increase has, however, been considerably greater, because, owing to delays in transfers of money from connecting Administrations, the message receipts outstanding on the 31st March, 1913, were no less than £18,000, against £11,000 on the 31st March, 1912, or £7,000 higher.

A sum of £980 transferred from the Renewal Fund on account of the cost of survey operations undertaken by the "Iris" in connection with the new cables is included in the gross revenue.

5. While expenditure shows a net increase over that of 1911-12 of only £520, it must be remarked that payment to the Renewal Account was £2,350 higher in the earlier year than in that under review, consequent on the transfer to the fund of profit earned by the "Iris" whilst in employment on behalf of another Administration; and as this additional sum was debited to expenditure in 1911-12 the actual expenditure on administration in 1912-13 was higher than that in 1911-12 by £2,870. The increase was due in the main to the following causes: The usual annual increments of salary, increased locality allowances consequent on their general revision, new lodging-allowances at Auckland and increased number at Sydney, higher pay of messengers at Sydney, increase of royalties on apparatus, employment of the "Iris" for a protracted period at Faanning during her cruise and later in effecting staff transfer from the Norfolk Island Station.

6. The expenditure has exceeded the original estimate by £5,770, and the revised estimate of January last by £4,170. The principal causes of the excess were: Increased expenditure on canvassing in London, the Provinces, and Germany; increase of clerical staff at Auckland and head office; new apparatus and increased consumption of stores; emergency repairs to buildings, &c.; and other services of which the cost could not be calculated at the time when the estimate was revised. At the moment of revision great modifications in the distribution of staff and in the order of business were being made in connection with the new routing of traffic resulting from the opening of the new line from New Zealand to Australia; and the effect of these upon the finances of the year it was impossible at the moment to estimate.

Extensions of the Cable System.

7. The extensions of the Board's system described in paragraphs 9-12 of last year's report were satisfactorily completed during the year under review, and the Board desire to take this opportunity of expressing their cordial acknowledgments of the admirable efficiency with which works of great magnitude and of much difficulty and delicacy were executed by the contractors employed—viz., the India Rubber, Gutta Percha, and Telegraph Works Company (Limited), of Silvertown, for the manufacture and laying of the new submarine cables; and Messrs. Siemens Bros. and Co. (Limited), for the manufacture of the land cables connecting the submarine cables with the offices in Sydney and Auckland, and for the construction of the connections on the Australian side. The thanks of the Board are also due to their consulting engineers—Messrs. Clark, Forde, Taylor, and Erskine-Murray—for the skill and unremitting care bestowed by them on the preparation of plans and estimates for the cables and on the supervision of their manufacture and laying. To the New Zealand Government and its officers the Board are specially indebted for much cordial co-operation and assistance in carrying out heavy and complicated works within the Dominion, and in providing handsome and spacious premises for the Board's accommodation in Auckland. Without such co-operation the difficulty and the cost of carrying out the scheme of extension would alike have been enormously increased. At the Australian terminus of the new line the works on land were much less extensive and intricate than in New Zealand; but there, too, the Board had the advantage of receiving ready and valuable aid from the authorities both of the Government and of the Municipality. Nor can the Board pass without record the unqualified satisfaction afforded to them by the zeal and efficiency displayed by their Manager in the Pacific (Mr. J. Milward), and their staff of all branches in the important share which fell to them in the organization and execution of the enterprise and in the introduction of the new scheme of traffic that resulted from it.

8. The total cost of the extensions cannot yet be stated with absolute precision, as there may be still some small accounts to come in from Australasia; but it may with substantial accuracy be said to have been £177,730, of which £176,270 represents outlay of cash and £1,460 the amount by which the value of cable previously in hand and utilized for the extensions exceeded the value of cable added to stock from surplus of new cable not actually used in the operations.

9. The above amount of cash has been drawn from the Renewal Fund, as prescribed by the Pacific Cable Board Act, 1911. The fund has also been drawn upon to the extent of £10,000 in order to provide funds chargeable to capital in respect of the purchase and adaptation of premises for the Board's new office in Sydney. For this purpose a portion of the surplus cable standing to the credit of capital account was transferred to the stock of cable standing to the credit of the Renewal Fund, and a corresponding cash transfer made between the two accounts. Further, the opportunity afforded by the sending out of the new cable was utilized in order to replenish the stocks of certain types of cable which had fallen low, and to provide additional tanks for storage of stock cable-services which entailed corresponding drafts on the fund. The result of these transactions has been to affect the figures of the Renewal Fund as follows:—

	31st March, 1912.	31st March, 1913.
	£	£
Market value of securities	286,289	128,935
Market value of cable in stock	15,945	30,058
Cash to credit of fund	33,512	32,390
	<hr/> £335,746	<hr/> £191,383

Under the provisions of the Act of 1911 the amount drawn from the Renewal Fund on account of the new cables is to be replaced by an annuity of 5 per cent. for thirty-five years, covering repayment of capital, with interest at $3\frac{1}{2}$ per cent. The amount of the annuity (approximately £8,800) will be added each year to the £30,000 that has hitherto been carried annually from revenue to the credit of the fund, which will accordingly increase by £38,800 a year, and, in addition, by the amount of interest received on the investments standing to the credit of the fund.

Staff and Stations.

10. The general health of the staff and the character of its service have been alike satisfactory throughout the year. In deference to representations regarding the increased cost of living, the rates of locality allowance at the several stations have been revised, and in varying degrees increased as from the 1st January last, at a total additional cost of £1,385 per annum.

As a result of the laying of the new cable between Australia and New Zealand considerable changes have been made in the distribution of the staff, the whole of the force stationed at Doubtless Bay, the greater part of that stationed at Southport, and several of the operators in Norfolk Island having been transferred to the new station at Auckland.

The general effect of the new arrangement, as compared with the old, is to diminish the total number of employees; and the resulting redundancy is being got rid of by not filling up vacancies and by absorption at other stations where increased traffic is rendering additions to staff necessary.

11. *Fanning Island.*—In the report for 1911–12, paragraph 18, attention was drawn to the difficulty in maintaining regular communication with this station, which has resulted from the discontinuance of the periodical calls formerly made by the steamers of the Union Steam Ship Company of New Zealand.

Inquiries and negotiations in various directions have failed to result in the re-establishment of a regular service, and during the year the Board have had to rely on the good offices of the Commercial Cable Company, which has kindly undertaken calls as and when required by means of its schooner plying between Honolulu and its mid-Pacific station at Midway Island. The Board, however, feel that this arrangement cannot be regarded as offering a permanent solution satisfactory in character. The vessel has but poor accommodation for passengers; it can ordinarily call at Fanning only on its voyage from Honolulu to Midway, so that persons leaving Fanning Island by it are obliged to take the circuitous route to Honolulu via Midway Island; and, lastly, the Board can have no assurance that at any moment the requirements of the Commercial Cable Company may not make it impossible for the company to render this service at a time when it is needed. Apart, moreover, from these practical drawbacks, there is the further consideration that the Board, and the Imperial enterprise of which it is in charge, are placed in a somewhat anomalous position if they remain dependent on the benevolence of a non-British company for maintaining communication with a station which was chosen, in spite of many disadvantages, for the single reason that it fulfilled the condition of being British territory.

12. In these circumstances the Board in November last made an urgent appeal to the Government of New Zealand to reconsider its refusal to allow any concession under its contract for conveyance of mails for the purpose of facilitating a renewal of calls at Fanning Island by the steamships carrying the mails. The Board was encouraged to make this representation by observing that, in correspondence presented to both Houses of the New Zealand Parliament (F.—6, 1912), there was clear evidence that in coming to its original decision the New Zealand Government had been under a misapprehension in respect of two matters of importance. The correspondence showed that the Postmaster-General of New Zealand had been under the impression that the calling of the mail-steamers at Fanning would impose additional expense on his Department; and also that he had assumed that it would be a comparatively easy matter for the Board to arrange for an alternative service. In both respects he was mistaken. Further, the Board ventured to think that with a mail-service that, important though it may be, is still not the principal mail-service to the Dominion, but is rather of a supplementary character, a possible delay of no more than twenty-four hours on four voyages out of twenty-six in the year could, in the interests of such an undertaking as the Pacific cable, be tolerated, a presumption that was strengthened by noticing that the only penalty imposed by the mail-contract for an excess over the time allowed by the contract is the purely nominal one of £30 for every twenty-four hours by which the contract time is exceeded.

The Board's appeal was supported by His Majesty's Postmaster-General, who in December last caused a letter to be addressed to the Postmaster-General, New Zealand, urging that in the interests of a regular mail-service, no less than of the Board's station, an early resumption of calls by the mail-steamers was desirable. To both the Postmaster-General and the Board the Postmaster-General, New Zealand, has replied that "the regularity of the service is paramount," and that "it is held that nothing should be allowed to interfere with the quickest transport possible of the mails between the terminal points." It only remains, therefore, for the Board to acquiesce in this decision, and to provide for the increased expenditure it will entail. This must of necessity be considerable, as no alternative appears possible to the purchase and maintenance by the Board of a suitable vessel for the purpose of making periodical voyages between Fanning Island and Honolulu. A scheme for this purpose is accordingly being considered.

Refrigerator and Electric-light Plant, Fanning Island.

13. Electric lighting is now in course of being installed in the buildings on Fanning Island, and additional material has been sent to the island for the enlargement of the existing refrigerator plant, which has not so far worked satisfactorily. The intention now is to house the two plants in one large concrete building, and to work them in conjunction. It is hoped that with the more complete insulation which will thus be given to the refrigerator it will be found adequate to the demand upon it. The cost of engines, plant, building material, and labour is considerable, and the future maintenance will involve an appreciable increase in the yearly cost of the Fanning establishment; but in view of the isolation of this station, and its trying climate and conditions of life, the Board have felt it essential to spare no reasonable expenditure in mitigating its hardships.

Stations, Buildings.

14. In consequence of the closing of the Doubtless Bay Station, the Board's buildings at that station are no longer required, and endeavours have been made to dispose of them. The Board have so far not succeeded in effecting this.

At Southport the reduced establishment has resulted in the two residences being vacated by the staff. One house has, however, been leased to a suitable tenant, and efforts are being made to dispose of the other in like manner.

Terminal Offices.

15. Possession of the premises in Pitt Street, Sydney, purchased from the Commercial Bank of Australia (see paragraph 20 of report for 1912 [F—8, 1913, No. 1]), was obtained at the end of 1912, and the necessary alterations having been executed the Board's Sydney office has been transferred there. The accommodation has been found to be eminently satisfactory. The total cost of the change has been as follows:—

	£
Purchase of premises	7,500
Alterations and additions	3,580
Pneumatic tube to post-office	620
	£11,700

Rates.

16. During the year under review two modifications of previously existing rates have been introduced, the one the institution of what is practically a rate of 9d. per word, between the United Kingdom and Australasia, on messages of a new class called week-end cable letters; the other the reduction of the rate for ordinary Press messages between the same terminals from 9d. a word to 7½d. a word. For both these changes the public is indebted to the initiative of the Western Union Company, acting in conference and co-operation with His Majesty's Postmaster-General. In January, 1912, the company introduced on their Atlantic system a class of message that, under the name of week-end letters, had been for some years established in the United States, and by means of which messages of substantial length might be telegraphed, subject to certain conditions, at a greatly reduced rate, if handed in at the end of the week for transmission during the interval of slack business between Saturday and Monday. The underlying principle of the scheme is that the service represents one of accelerated communication by letter rather than one of deferred telegrams.

17. With a view to extending this service to Australasian traffic, the Board early in March, 1912, addressed inquiries to the several Governments interested in the Pacific cable for the purpose of ascertaining what facilities would be granted for conveyance of these week-end messages inland to and from cable-stations. While these communications were in progress the Western Union Company, in September last, made certain changes in the original conditions of their service, of which the most important were—(a) The substitution of a word rate of charge for the original method of charging by the group of five words, and (b) a reduction in the minimum charge admissible per message. This entailed corresponding changes in the scheme as originally outlined by the Board, and led to some little complication and delay in the negotiations; but in due course the details of the scheme were settled, and the new service was brought into operation on the 1st January last.

Its main features are that messages that reach a cable office before midnight on Saturday are forwarded at the rate of 9d. per word for the transmission by cable, subject to the following conditions: The messages must be in plain language (not code); the minimum charge per message is 18s.

Messages are conveyed to and from cable office by post free of charge to the public, but the sender may have a message conveyed to or from a cable office by inland telegraph on payment of an additional charge of 1d. per word for inland transmission in Australia, or ½d. a word

for similar transmission in the United Kingdom or New Zealand. This service represents a further development of the policy embodied in the system of deferred messages at half-rates, introduced on the 1st January, 1912, and described in last year's report—viz., the policy of offering to the public alternative methods of cabling at reduced rates for messages of less urgent character, that can be transmitted at times of least pressure on the cables and without interfering with the prompt transmission of messages that cannot brook delay and that are paid for at the full rates of charge. It is too early as yet to form a judgment as to the extent to which advantage may be taken of this latest innovation; but up to date the traffic under the head of "week-end cable messages" has averaged about 5,000 a week, and as illustrating the benefit that these cheaper services confer on the public, it may be mentioned that, comparing the quarter to 31st March, 1911 (when neither the deferred rate nor the week-end rate was in force), with the quarter to 31st March, 1913 (the first three months of the week-end service), it is found that the number of words, which in 1911 under the head of "Ordinary" was 329,438, had increased in 1913 to 473,491 under the three categories into which that head had expanded, or an increase of 44 per cent., while the cost to the public had increased from £46,537 to no more than £53,833, or only by 16 per cent.

18. The reduction of 1½d. per word in the rate for ordinary Press traffic was rendered possible by the reduction in September last by the Atlantic cable companies of the transatlantic rate from 5d. to 3½d. As the Board and the Australasian Governments had already reduced their share of the through rate by one-half as long ago as 1909, no further reduction was possible on the Pacific portion of the transit.

Board and London Office.

19. The vacancy on the Board caused by the retirement of Sir William Hall-Jones (as announced in paragraph 22 of last year's report [F.-8, 1913, No. 1]) was filled in October last by the appointment of the Hon. Thomas Mackenzie, High Commissioner for New Zealand. In the autumn Mr. A. S. Baxendale, who had held the post of London manager and secretary since August, 1908, tendered his resignation, with a view to taking up other work, and, to the great regret of the Board, he retired from the service at the end of November. The Board are taking the opportunity to reconsider the organization of their London office, and in the meantime temporary arrangements have been made for carrying on the business without making a permanent appointment to fill the vacancy caused by Mr. Baxendale's retirement.

20. The following statement shows the progress of the international traffic since the opening of the Cable:—

Number of Words dealt with.—International.

Year.	Ordinary.	Deferred Ordinary.	Government.	Press.	Deferred Press.	Week-end Cable Letters.	Total.
1902-3 ..	202,313	..	24,210	1,831	..	..	228,354
1903-4 ..	744,034	..	83,116	37,819	..	..	864,969
1904-5 ..	781,028	..	71,575	19,110	..	..	871,713
1905-6 ..	834,778	..	74,763	13,225	..	..	922,766
1906-7 ..	1,010,133	..	101,307	17,222	..	..	1,128,662
1907-8 ..	1,041,433	..	105,519	84,940	..	..	1,231,892
1908-9 ..	1,012,998	..	116,847	95,203	..	..	1,225,048
1909-10 ..	1,109,639	..	120,415	126,081	..	..	1,356,135
1910-11 ..	1,215,306	..	166,812	467,495	..	..	1,849,613
1911-12 ..	1,346,346	46,450*	164,639	501,952	71,989†	..	2,131,376
1912-13 ..	1,301,713	415,689	193,442	211,754	505,152	42,825‡	2,670,575

* Introduced 1st January, 1912.

† Introduced 6th December, 1911.

‡ Introduced 1st January, 1913.

In addition to the above a very considerable intercolonial traffic is carried between Australia, New Zealand, and the Fijis, keeping the southern sections of the cable fully occupied during business hours.

I have, &c.,

H. W. PRIMROSE, Chairman.

PACIFIC CABLE BOARD (1 EDWARD VII, C. 31).—ACCOUNT FOR THE PERIOD ENDED 31ST MARCH, 1913.

I.—Statement showing the Sum issued out of the Consolidated Fund, and the Expenditure.

—	Year in which issued.	Amount.			—	Amount.		
		£	s.	d.		£	s.	d.
Sum issued (out of an authorized issue of £2,000,000)	1901-2	1,060,935	0	0	Expenditure in the period ended 31st March, 1912	1,996,703	8	1
Sum issued (out of an authorized issue of £2,000,000)	1902-3	939,065	0	0	Expenditure in the year ended 31st March, 1913	Cr. 3,169 7 6		
					Balance in hand	1,993,534	0	7
						6,465	19	5
		2,000,000	0	0		2,000,000	0	0

II.—Statement showing the Sums borrowed and the Securities created.

—	Amount.			Money borrowed.			Securities created.		
	£	s.	d.		£	s.	d.		
Sum issued as above	2,000,000	0	0	In the period ended 31st March, 1902	784,600	0	0	Annuity of £77,544 18s. First payment, 1st December, 1903; last payment, 1st December, 1952.	
				In the year ended 31st March, 1903	1,215,400	0	0		
	2,000,000	0	0		2,000,000	0	0		

III.—Statement showing the Aggregate Amount of Capital Expenditure.

Details of Expenditure.			In the Period ended 31st March, 1912.			In the Year ended 31st March, 1913.			Total to 31st March, 1913.		
			£	s.	d.	£	s.	d.	£	s.	d.
(1.) Head office (furniture, &c.)	..	..	429	7	8	..	..	..	429	7	8
(2.) Stations,—											
Buildings	..	..	67,634	18	3	6,830	12	6	74,465	10	9
Accessories	..	..	18,828	18	11	..	..	..	18,828	18	11
(3.) Cable,—											
Contract	..	..	1,787,463	1	9	Cr. 10,000	0	0	1,777,463	1	9
Accessories	..	..	335	15	0	..	..	..	335	15	0
(4.) Instruments	..	..	28,804	8	10	..	..	..	28,804	8	10
(5.) Ship,—											
Contract	..	..	65,910	0	0	..	..	..	65,910	0	0
Accessories	..	..	7,161	8	1	..	..	..	7,161	8	1
(6.) Engineers' fees and expenses	..	..	20,135	9	7	..	..	..	20,135	9	7
			1,996,703	8	1	Cr. 3,169	7	6	1,993,534	0	7

IV.—Statement showing the Expenses of the Cable in the Year ended 31st March, 1913.

Details of Receipts.	Parliamentary Grant.		Revenue.		Details of Expenditure.	Annuity for the Replacement of Capital.		Working-expenses.	
	£	s. d.	£	s. d.		£	s. d.	£	s. d.
Balance on 31st March, 1912	18,782	0 7	..	..	Tenth annuity payment ..	77,544	18 0	..	..
Received from H.M. Treasury out of the parliamentary grant-in-aid	27,645	0 0	..	..	Head office (salaries and expenses)	..	..	6,129	5 9
Traffic receipts (less £4,280 8s. 5d. paid out for the insertion of date and time and for duplicate copies of messages)	..	..	166,026	17 3	Head office (advertising and canvassing, engineers' fees, and royalties)	..	..	2,972	17 3
Bank interest ..	..	..	278	1 7	Cable-stations (salaries and expenses)	..	..	68,096	0 0
Refund of tolls and dues ..	..	..	615	16 2	Cable-ship (salaries and expenses)	..	..	13,379	13 9
Received for charter of Board's cable-ship "Iris" (survey new cable)	..	..	980	0 0	Provident Fund—contribution to (Statement V)	..	..	2,047	17 8
			167,900	15 0	Transferred to Cable Repair—Reserve and General Renewal Fund (Statement VI)	..	..	30,000	0 0
			46,427	0 7				122,625	14 5
								77,544	18 0
					Balance on 31st March, 1913	..	..	200,170	12 5
								14,157	3 2
			214,327	15 7				214,327	15 7

V.—Statement showing (a) the Sums received and expended, and (b) the Securities purchased and sold, on Account of the Provident Fund in the Year ended 31st March, 1913.

—	Securities purchased. (For Details see below.)		Cash Receipts.		—	Securities sold or redeemed. (For Details see below.)		Cash Payments.	
	£	s. d.	£	s. d.		£	s. d.	£	s. d.
Balance on 31st March, 1912	28,948	0 0	1,832	12 5	Invested in securities, viz. :—				
Transferred from the account of annual expenses (Statement IV)	..	..	2,047	17 8	£2,000 Queensland 3½-per-cent. stock at 96	..	..	1,920	0 0
Contribution of employees ..	..	..	2,047	17 8	£1,500 New South Wales 4-per-cent. stock at 99	..	..	1,485	0 0
Interest on securities ..	..	..	1,012	7 0	Payments to employees on cessation of services	..	..	1,144	0 11
Securities redeemed (£800 Canada 4-per-cent. bonds)	..	..	800	0 0	£800 Canada 4-per-cent. bonds redeemed	800	0 0	..	..
Securities purchased (as per contra)	3,500	0 0	..	..	Auditor's fee ..	..	..	10	0 0
						800	0 0	4,559	0 11
					Balance on 31st March, 1913	31,648	0 0	3,181	13 10
						32,448	0 0	7,740	14 9

V.—Statement, &c.—continued.

Details of Securities.	Balance on 31st March, 1912.		Securities purchased during Period of Account.		Total.		Securities sold or redeemed during Period of Account.		Balance on 31st March, 1913.		Value at Market Price on 31st March, 1913.		
	£	s. d.	£	s. d.	£	s. d.	£	s. d.	£	s. d.		£	s. d.
London County Council 3-per-cent. stock	4,700	0 0	..	..	4,700	0 0	..	..	4,700	0 0	78½	3,689	10 0
London, Brighton, and South Coast Railway 4-per-cent. debenture stock	1,800	0 0	..	..	1,800	0 0	..	..	1,800	0 0	101	1,818	0 0
Metropolitan Water Board 3-per-cent. B stock	2,200	0 0	..	..	2,200	0 0	..	..	2,200	0 0	76½	1,683	0 0
North-eastern Railway 3-per- cent. debenture stock	1,700	0 0	..	..	1,700	0 0	..	..	1,700	0 0	76½	1,300	10 0
India 3½-per-cent. stock ..	500	0 0	..	..	500	0 0	..	..	500	0 0	90	450	0 0
Port of London Authority 3-per-cent. A stock	5,000	0 0	..	..	5,000	0 0	..	..	5,000	0 0	72	3,600	0 0
Bank of England stock ..	400	0 0	..	..	400	0 0	..	..	400	0 0	236½	946	0 0
Straits Settlements 3½-per- cent. stock	3,700	0 0	..	..	3,700	0 0	..	..	3,700	0 0	93	3,441	0 0
New South Wales 3-per-cent. stock	1,000	0 0	..	..	1,000	0 0	..	..	1,000	0 0	82	820	0 0
New South Wales 4-per-cent. ten-years debentures	..	..	1,500	0 0	1,500	0 0	..	..	1,500	0 0	99	1,485	0 0
New South Wales 3½-per-cent. stock	1,000	0 0	..	..	1,000	0 0	..	..	1,000	0 0	90	900	0 0
Queensland 3½-per-cent. stock	1,800	0 0	..	..	1,800	0 0	..	..	1,800	0 0	90	1,620	0 0
Queensland 3½-per-cent. stock	..	..	2,000	0 0	2,000	0 0	..	..	2,000	0 0	93	1,860	0 0
Canadian Northern Railway 3-per-cent. first-mortgage debenture stock (guaranteed by the Canadian Govern- ment)	2,048	0 0	..	..	2,048	0 0	..	..	2,048	0 0	77	1,576	19 2
Canada 4-per-cent. debenture bonds	800	0 0	..	..	800	0 0	800	0 0	..	..	..	..	..
Canada 3½-per-cent. stock ..	1,000	0 0	..	..	1,000	0 0	..	..	1,000	0 0	94	940	0 0
New Zealand 3½-per-cent. stock	1,300	0 0	..	..	1,300	0 0	..	..	1,300	0 0	89	1,157	0 0
	28,948	0 0	3,500	0 0	32,448	0 0	800	0 0	31,648	0 0	..	27,286	19 2

VI.—Statement showing (a) the Sums received and expended, and (b) the Securities purchased and sold on Account of the Cable Repair—Reserve and General Renewal Fund—in the Year ended 31st March, 1913.

—	Securities purchased. (For Details see below.)		Cash Receipts.		—	Securities sold or redeemed. (For Details see below.)		Cash Payments.	
	£	s. d.	£	s. d.		£	s. d.	£	s. d.
Balance on 31st March, 1912..	291,280	0 0	33,511	17 2	Expenditure on new cables between Sydney and Auck- land and Doubtless Bay—Auckland (Pacific Cable Act, 1911, 1 & 2 Geo.V, cap. 36)	..	..	174,351	7 8
Transferred from the account of annual expenses (State- ment IV)	30,000	0 0	Stock cable and tanks	..	..	14,113	0 6
Interest on securities	8,157	9 1	Securities sold or re- deemed (as per contra)	160,380	0 0	..	..
Securities sold or redeemed— £10,000 Victoria 3½-per-cent. stock	9,498	8 0					
£5,000 New South Wales 3-per-cent. stock	4,186	12 6					
£10,000 New South Wales 3½-per-cent. stock	9,324	0 0					
£13,000 Queensland 3½-per- cent. stock	11,871	18 0					
£18,180 New Zealand 3½-per- cent. stock	17,009	18 0					
£10,000 New Zealand 4-per- cent. stock (redeemed)	10,000	0 0					
£20,000 Canada 3-per-cent. stock	18,324	2 0					
£15,000 Canada 3½-per-cent. stock	14,261	14 0					
£9,000 Canada 4-per-cent. debentures (redeemed)	9,000	0 0					
£4,000 Metropolitan Water Board 3-per-cent. A stock	3,214	2 6					
£9,000 local loans 3-per- cent. stock	7,721	7 6					
£5,000 India 3-per-cent. stock	3,897	4 0					
£8,000. India 3½-per-cent. stock	7,334	0 6					
£12,000 South Australia 4-per-cent. stock	12,014	4 0					
£12,200 Straits Settlements 3½-per-cent. stock	11,527	18 0	Balance on 31st March, 1913	160,380	0 0	188,464	8 2
	291,280	0 0	220,854	15 3		130,900	0 0	32,390	7 1
						291,280	0 0	220,854	15 3

VI.—Statement, &c.—continued.

Details of Securities.	Balance on 31st March, 1912.			Securities purchased during Period of Account.			Total.	Securities sold or redeemed during Period of Account.			Balance on 31st March, 1913.			Value at Market Price on 31st March, 1913.					
	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.				
Bank of England stock ..	11,500	0	0	..	..	..	11,500	0	0	..	11,500	0	0	236½	27,197	10	0		
Local loans 3-per-cent. stock ..	14,000	0	0	..	..	..	14,000	0	0	9,000	0	0	5,000	0	0	85½	4,262	10	0
Guaranteed 2½-per-cent. stock ..	1,100	0	0	..	..	..	1,100	0	0	..	1,100	0	0	74½	819	10	0		
India 3-per-cent. stock ..	12,000	0	0	..	..	..	12,000	0	0	5,000	0	0	7,000	0	0	76	5,320	0	0
India 3½-per-cent. stock ..	8,000	0	0	..	..	..	8,000	0	0	8,000	0	0	..	..	..	..	..	..	..
Metropolitan Water Board 3-per-cent. B stock ..	4,000	0	0	..	..	..	4,000	0	0	4,000	0	0	..	..	..	..	..	..	..
Straits Settlements 3½-per-cent. stock ..	12,200	0	0	..	..	..	12,200	0	0	12,200	0	0	..	..	..	..	..	..	..
Victoria 3-per-cent. stock ..	10,750	0	0	..	..	..	10,750	0	0	..	10,750	0	0	78	8,385	0	0		
Victoria 3½-per-cent. stock ..	20,000	0	0	..	..	..	20,000	0	0	10,000	0	0	10,000	0	0	91	9,100	0	0
New South Wales 3-per-cent. stock ..	12,000	0	0	..	..	..	12,000	0	0	5,000	0	0	7,000	0	0	82	5,740	0	0
New South Wales 3½-per-cent. stock ..	20,150	0	0	..	..	..	20,150	0	0	10,000	0	0	10,150	0	0	90	9,135	0	0
Queensland 3-per-cent. stock ..	7,500	0	0	..	..	..	7,500	0	0	..	7,500	0	0	77	5,775	0	0		
Queensland 3½-per-cent. stock ..	20,000	0	0	..	..	..	20,000	0	0	13,000	0	0	7,000	0	0	90	6,300	0	0
South Australia 4-per-cent. stock ..	16,000	0	0	..	..	..	16,000	0	0	12,000	0	0	4,000	0	0	98	3,920	0	0
Canada 3-per-cent. stock ..	20,000	0	0	..	..	..	20,000	0	0	20,000	0	0	..	..	..	..	..	..	..
Canada 3½-per-cent. stock ..	34,400	0	0	..	..	..	34,400	0	0	15,000	0	0	19,400	0	0	94	18,236	0	0
Canada 4-per-cent. debenture bonds ..	9,000	0	0	..	..	..	9,000	0	0	9,000	0	0	..	..	..	..	..	..	..
Canadian Northern Railway 3-per-cent. first-mortgage de- benture stock (guaranteed by the Canadian Government)	11,000	0	0	..	..	..	11,000	0	0	..	11,000	0	0	77	8,470	0	0		
Grand Trunk Pacific Railway 3-per-cent. first-mortgage sterling bonds (guaranteed by the Canadian Government)	13,000	0	0	..	..	..	13,000	0	0	..	13,000	0	0	77	10,010	0	0		
New Zealand 3-per-cent. stock ..	1,000	0	0	..	..	..	1,000	0	0	..	1,000	0	0	78	780	0	0		
New Zealand 3½-per-cent. stock ..	18,180	0	0	..	..	..	18,180	0	0	18,180	0	0	..	..	..	..	..	..	..
New Zealand 4-per-cent. debenture stock ..	14,000	0	0	..	..	..	14,000	0	0	10,000	0	0	4,000	0	0	100	4,000	0	0
Bank of New Zealand 4-per-cent. guaranteed stock ..	1,500	0	0	..	..	..	1,500	0	0	..	1,500	0	0	99	1,485	0	0		
	291,280	0	0	..	..	..	291,280	0	0	160,380	0	0	130,900	0	0	..	128,935	10	0

H. W. PRIMROSE, Chairman.

Examined and found correct.—G. H. HUNT, Auditor.

Pacific Cable Board, 15th July, 1913.

No. 2.

The SECRETARY, Pacific Cable Board, London, to the Hon. the POSTMASTER-GENERAL, Wellington.

SIR,—

Queen Anne's Chambers, London S.W., 24th March, 1914.

I have the honour to inform you that Sir Henry Babington Smith, K.C.B., C.S.I., has been appointed Chairman of the Board in place of the Right Hon. Sir H. W. Primrose, P.C., K.C.B., resigned.

I have, &c.,

The Hon. the Postmaster-General, Wellington.

FRED. J. ADYE, Secretary.

[Acknowledged, 7th May, 1914.]

[P. & T. 11/103.]

TERMINAL RATES.

No. 3.

The Right Hon. the SECRETARY OF STATE FOR THE COLONIES to His Excellency the GOVERNOR.
My Lord,—

Downing Street, 1st August, 1913.

With reference to Mr. Lyttelton's despatch of the 3rd August, 1905 [not printed], I have the honour to transmit to Your Excellency, to be laid before your Ministers, the accompanying copy of a letter addressed by the Chairman of the Pacific Board to the Lords Commissioners of His Majesty's Treasury, forwarding a memorandum on the subject of the terminal rates charged on Pacific-cable traffic in the Commonwealth of Australia and New Zealand respectively.

2. The Lords Commissioners of the Treasury desire to point out, as regards the statement made in paragraph 5 of the memorandum, that it cannot be assumed that the revenue derived by the Imperial Post Office, directly and indirectly, in respect of Pacific-cable traffic, amounts even approximately to $\frac{1}{2}$ d. a word on the total Pacific-cable traffic with the United Kingdom.

3. The Lords Commissioners also express the opinion that either of the arrangements suggested in paragraphs 11 to 14 of the memorandum would be more equitable to the taxpayers of this country than that at present in force.

4. I shall be glad to receive an intimation of the views of your Ministers upon the questions raised in the memorandum.

I have, &c.,

L. HARCOURT

Governor His Excellency the Right Hon. the Earl of Liverpool, K.C.M.G., M.V.O., &c
[P. & T. 11/68.]

Enclosure in No. 3.

The CHAIRMAN, Pacific Cable Board, London, to the SECRETARY, His Majesty's Treasury, London.
SIR,—

Queen Anne's Chambers, London S.W., 27th November, 1912.

I have the honour to acquaint you, for the information of the Lords Commissioners of His Majesty's Treasury, that the Postmaster-General of New Zealand has recently drawn attention to the inequality of the terminal rates charged on Pacific-cable traffic in Australia and New Zealand respectively [see F.—8, 1913, Nos. 25–27], and has asked that "the matter may be looked into with a view to determining whether some concession cannot be made to the New Zealand public."

The question thus raised is not a new one. It was discussed with considerable animation at the time when the Pacific cable was first opened for traffic, in 1902–3, both by this Board and by the several Governments interested in the cable; and it was also considered by the Pacific Cable Conference which sat in 1905 [see F.—8, 1906, No. 29] under the presidency of Mr. Secretary Lyttelton. Now that it has been revived, my Board feel that, while it may constitute a legitimate subject of discussion between the Governments interested in the cable, it does not lie with us to do more than to invite their attention to the views expressed by the New Zealand Government, and to offer such assistance as we can towards the consideration of them by recalling the facts and past history of the question, and by indicating such solutions of it as appear to us to be deserving of examination.

I have accordingly been authorized to forward to you copies of a memorandum which has been drawn up with this latter object, and to suggest that, should their Lordships be so pleased, they should move the Secretary of State for the Colonies to communicate it to the Governments of Canada, Australia, and New Zealand, with such expression of opinion on the subject as may commend itself to His Majesty's Government.

I have, &c.,

H. W. PRIMROSE, Chairman.

The Secretary, His Majesty's Treasury, Whitehall.

Sub-enclosure to Enclosure in No. 3.

MEMORANDUM OF SIR HENRY PRIMROSE, CHAIRMAN, PACIFIC CABLE BOARD.

AUSTRALIAN TERMINAL RATES.

1. IN May last our Manager in the Pacific received from the Secretary to the New Zealand Post Office the letter of which the following is a copy :—

General Post Office, Wellington, 7th May, 1912.

SIR,—

International Cable Messages.

I have the honour to inform you that the Hon. Mr. Ell, Postmaster-General, has been looking into the question of terminal rates, and is not at all satisfied that the charge for cable messages to and from New Zealand should be the same as to and from Australia, seeing that the Commonwealth Government receives a terminal rate of 5d., while New Zealand receives 1d. only. I am therefore directed to ask that the matter be looked into, with a view to determining whether some concession cannot be made to the New Zealand public. I should be obliged if you would favour me with any information you have on the subject.

I am, &c.,

(Sgd.) D ROBERTSON, Secretary.

The Manager in the Pacific, Pacific Cable Board.

2. He replied that the matter was one with which he had neither the authority nor the requisite information to enable him to deal, but that he would refer it to the Board. He accordingly did so, but consideration of the subject has been deferred in consequence of the vacancy in the New Zealand representation on the Board. Now that the Board is again complete, it becomes necessary to give it our attention.

3. The question raised by the New Zealand Government is a highly important one; but clearly, also, it is one upon which the Board cannot itself adjudicate. It lies outside our province, and the most that we can properly do is to submit it for the consideration of the four Governments interested in the cable. It is for them to decide what, if anything, should be done in pursuance of the views of the New Zealand partner, and our intervention must be limited to presenting the case to them in a convenient form. In this way I think we can be of use to them, because we are intimately acquainted with all the facts and the past history of the question, and are also in a position that gives us special advantages for indicating the various alternative courses that might be followed if it should be held that existing arrangements call for readjustment. It is from this point of view that I have drawn up this statement, which I now submit for the consideration of the Board. If found acceptable, it might serve later for the purpose of making the several Governments acquainted with the main features and bearings of the case put forward for consideration by the New Zealand Government.

4. The facts are briefly as follows: Limiting ourselves to the rate on ordinary traffic (which is the basis for all other rates), the several Governments interested in the Pacific cable receive out of the 3s.-per-word through rate the following amounts in respect of the inland service in each State:—

United Kingdom (either directly or indirectly)	...	...	½d. per word.
Australia	...	...	5d. „
New Zealand	...	...	1d. „
Canada (telegraphs not being a State service)	...	...	Nil.

5. In the United Kingdom the ½d. is only directly charged when a message is sent over the postal wires; but inasmuch as the cable companies pay a rent for their private wires, it may, perhaps, be assumed that the British Post Office does receive in revenue about ½d. per word on all Pacific-cable traffic, or the same amount as is charged on any inland telegram. Similarly, in New Zealand, the Government receives on such traffic the same amount as it does on “urgent inland messages” (though its rate on ordinary messages is only ½d.). But in Australia our traffic is charged 5d. per word, although their ordinary inland rate is only 1d. per word, with a differential rate of 2d. per word on urgent messages. Thus, while the United Kingdom, Canada, and New Zealand may be said to extend to our traffic “most-favoured-nation” treatment, Australia penalizes it heavily. The position is certainly anomalous, and the anomaly becomes all the more conspicuous if we consider what happens at the northern end of our system. When the scheme for the Pacific cable was being perfected it was arranged through the good offices of the High Commissioner for Canada that the Canadian Pacific Railway and its ally, the Commercial Cable Company, should concede our traffic a preferential rate of 1s. per word between the United Kingdom and Bamfield, as against the rate of 1s. 6d. per word payable by the public. The Anglo Company were compelled to make a similar concession as the price for obtaining a share of the traffic, but they did so grudgingly, and have hitherto always regarded it as a grievance; but for this concession it would have been impossible for the rate by the Pacific route to have been fixed as low as 3s. a word (the rate already in operation on the Eastern route) without incurring a loss that would have been almost prohibitive of the scheme. The contrast between the treatment of our traffic at one end of our system by companies trading for profit and that which it receives at the other end from one of the associated States is certainly remarkable; but in regard to it there are, I think, two things that must be said in extenuation: (1) That circumstances connected with the history of the establishment of cable communication with Australia (more especially the heavy cost incurred in making land-line connections with the cables) explain, and, at any rate as regards the past, go far to justify, a somewhat high terminal charge; and (2) that in any case Australia is the proper judge of the charge that circumstances require her to make on the admission and transmission of telegraphic traffic, just as she must be of the duties to be charged on imported goods. The Pacific-cable partnership gives her associates no title to interfere in such matters.

6. But while it is unquestionable that each of the States associated in the enterprise must be left free to determine the conditions on which it will handle the traffic arising from the cables that land on its shores, it may not unreasonably be asked whether, in settling the accounts of the partnership, the revenue that each may derive from the Pacific-cable traffic for its own separate use should not be brought into the calculation. Whether the revenue to be brought in should be gross or net would be a point for consideration; but to leave it altogether out of account, when the charges made by the several States are not fixed on any common basis, certainly leads to very anomalous results.

7. That this would be the case was foreseen from the first, and a warm discussion on the subject took place in 1902-3. It resulted in the drawing-up of a memorandum by the then Chairman of the Pacific Cable Board (Sir Spencer Walpole), in which it was suggested that, in calculating the liability of the several partners in respect of deficiency of revenue from the cable, each Government should be debited with a sum equal to the amount, if any, by which its receipts from terminal charges on Pacific-cable traffic exceeded the amount it would have received if its terminal charges had been at the same rate as its internal urgent rate of charge. This memorandum was circulated to the several Governments, and considerable correspondence took

place upon it. Eventually, no agreement having been reached, further consideration was adjourned pending the meeting of the Conference, to which another even more important issue, the Australian contracts of January, 1901, and June, 1903, with the Eastern Extension Company, were to be referred. The Conference met in 1905, but its attention was so much engrossed with this latter issue and others arising out of it that comparatively little discussion took place on the question of terminal rates; and all that the report said on it was contained in a single paragraph, as follows: "(9.) It has been suggested that the Commonwealth Government should reduce their terminal rate to the level of the rate for urgent internal messages. The majority of us are of opinion that the rate of 5d. per word is excessive, and we trust that the Government will see their way to reduce it." This expression of opinion did not lead to any result, and the question was tacitly allowed to drop.

8. Now the New Zealand Government revives the question. The lapse of time has aggravated, and will continue to aggravate, the defect in the existing arrangement, of which complaint is made. Growth of traffic, while diminishing on one hand the amount to be made good annually by the associated Governments, increases on the other the separate receipts of the States charging terminal rates; and already the point has been reached at which the separate revenue derived by the Commonwealth from Pacific-cable traffic exceeds the amount which it has to contribute towards the shortage on the Board's accounts, so that Australia is making a profit out of the cable, while her three partners are still making a loss. It is easy to see that from their point of view this may be regarded as not an equitable position.

9. The New Zealand Government appears to suggest that the through rate between Europe and New Zealand should be reduced by at least some portion of the 4d. by which the Australian terminal rate exceeds the New Zealand terminal rate. This, no doubt, would redress the balance as between these two States; but it would do nothing to meet the similar claims that the United Kingdom and Canada might advance. On the contrary, it would increase the force of such claims, because it would lead to a loss of revenue from the Pacific cable as a whole, and increase the deficiency which the partners have to make good. Moreover, it conflicts with a principle that is universally observed in connection with ocean-cable rates, and that for many reasons it is desirable to maintain—the principle that rates should be fixed not in minute correspondence with distance, but by reference to zones of considerable area within which rates should be uniform. There are, however, alternatives which might be considered.

10. One that would have advantages from an Imperial point of view, though at some cost, at any rate at first, to the cable revenue, would be that Australia should reduce her terminal rate by 3d. or 4d., so as to allow of reduction of the 3s. through rate to Australasia to 2s. 9d. or 2s. 8d., and thus to make a step towards the much-desired result of cheapening cable communication between the several States of the Empire; but this would be very costly to the Commonwealth, because she would lose not only on our traffic, but also on traffic via Eastern, which is double that via Pacific, and possibly she could not afford it at present.

11. Another possible alternative would be that the four Governments should leave existing terminal rates as they are, but should agree that in calculating the distribution between the partners of loss, as it is now (or of profit, as we hope it soon may be), the amount of the gross revenue of each State from Pacific-cable traffic should be brought into the account and added to the revenue shown in the Board's accounts. To the difference between the revenue thus augmented and the expenditure as shown in the Board's accounts the statutory distribution by eighteenthths would be applied, and a combination of the quotas thus ascertained with the amounts of the separate receipts of each State from Pacific-cable traffic would determine the liability (or share of profit) of the several partners.

12. Applying this formula to the figures of 1911–12 (slightly adapted so as to simplify the example) it would work out approximately as follows:—

	£
Board's traffic revenue	155,000
Australia (receipts from Pacific-cable traffic)	23,000
New Zealand (receipts from Pacific-cable traffic)	2,000
United Kingdom* (receipts from Pacific-cable traffic)	2,000
	<hr/>
	182,000
Expenditure	200,000
	<hr/>
Balance to be made good	£18,000

* The total sum to be made good by the associated Governments would be £45,000 (being the difference between the revenue and expenditure, as shown in the Board's accounts—viz., £200,000—£155,000—and this would accordingly be charged approximately as follows:—

United Kingdom	..	..	..	$\frac{5}{18}$ of £18,000	+	£2,000	=	£7,000
Canada	..	..	..	$\frac{5}{18}$ of	..	+	Nil	= 5,000
Australia	..	..	..	$\frac{6}{18}$ of	..	+	£23,000	= 29,000
New Zealand	..	..	..	$\frac{2}{18}$ of	..	+	£2,000	= 4,000
Total	..	..	..	..	..	..	..	£45,000

* NOTE.—Much of the Australasian traffic stops in North America.

Under the existing system the liability for a sum of £45,000 would be apportioned as follows:—

	£
United Kingdom	12,500
Canada	12,500
Australia	15,000
New Zealand	5,000
	<hr/>
	£45,000

13. This plan would avoid any necessity for examining or criticizing the terminal rates charged by each country. On the other hand, it might be thought to bear with undue hardship on Australia, where the cost of the inland service is, owing to distances and other conditions, probably exceptionally high. In that case we might revert to the plan proposed in 1902–3 by Sir Spencer Walpole. This would be in accordance with the opinion expressed by Sir W. Mulock, the representative of Canada at the 1905 Conference, when he said, “I should not like to assent to the view that any Government should charge more for Pacific-cable business than it charges for the most urgent kind of local or domestic business. That, I think, is the sound view to take.”

14. Assuming that the Australian terminal rate were taken to be 3d. per word in excess of what it should be on Sir W. Mulock’s hypothesis (and again slightly adapting the figures), this plan would work out as follows in a year in which the revenue and expenditure were approximately those of 1911–12 (but with an adverse balance of £44,000, instead of £45,000):—

	£
Board’s traffic revenue	155,000
Australia (excess revenue on terminal rate, taken at 3d. per word) ...	14,000
United Kingdom, Canada, New Zealand (ditto)	Nil
	<hr/>
	169,000
Expenditure	199,000
	<hr/>
Balance to be made good	£30,000

One eighteenth of £30,000 is £1,666 $\frac{2}{3}$.

Accordingly the liability for the £44,000 by which the Board’s revenue fell short of the expenditure—viz., £199,999 – £155,000—would be distributed as follows:—

	£
United Kingdom	$£1,666\frac{2}{3} \times 5 = 8,333\frac{1}{3}$
Canada	$1,666\frac{2}{3} \times 5 = 8,333\frac{1}{3}$
Australia	$1,666\frac{2}{3} \times 6 = £10,000 + £14,000 = 24,000$
New Zealand	$1,666\frac{2}{3} \times 2 = 3,333\frac{1}{3}$
Total	<hr/>
	£44,000

15. The above seem to me the several alternatives that deserve consideration. No others at present occur to me.

19th November, 1912.

H. W. PRIMROSE.

No. 4.

The Right Hon. the SECRETARY OF STATE FOR THE COLONIES to His Excellency the GOVERNOR.

MY LORD,—

Colonial Office, Downing Street, 20th September, 1913.

With reference to my despatch of the 1st August, I have the honour to transmit to Your Excellency, to be laid before your Ministers, a copy of a memorandum prepared by the Postmaster-General’s Department of the Commonwealth of Australia on the subject of the terminal rates charged on Pacific-cable traffic in the Commonwealth.

2. I should be glad to be favoured with an expression of the views of your Ministers on the subject in the light of this memorandum.

I have, &c.,

L. HARCOURT.

Governor His Excellency the Right Hon. the Earl of Liverpool, K.C.M.G., M.V.O., &c.

[P. & T. 11/68.]

Enclosure in No. 4.

The OFFICIAL SECRETARY, Office of the High Commissioner for Australia, London, to the SECRETARY, Pacific Cable Board, London.

Commonwealth of Australia, High Commissioner’s Offices,

SIR,—

72 Victoria Street S.W., 16th August, 1913.

With further reference to your letter of the 27th November last [not printed], enclosing a copy of a letter addressed by the Chairman of the Pacific Cable Board to the Treasury in regard to the terminal rates, and also a memorandum issued on the 19th November on the same subject, I am directed by the High Commissioner to forward herewith a copy of a communication he has now received from the Postmaster-General’s Department of the Commonwealth respecting the matter.

2. This communication deals fully with the previous communications received from you, and Sir George Reid requests that arrangements may be made to send a copy of this memorandum to all those to whom the memorandum of the Chairman above referred to was sent.

I have, &c.,

F. SAVAGE,

For Official Secretary.

The Secretary, Pacific Cable Board, Queen Anne's Chambers S.W.

Sub-enclosure to Enclosure in No. 4.

The SECRETARY, Postmaster-General's Department, Melbourne, to the SECRETARY, Department of External Affairs, Melbourne.

(Memorandum.)

Postmaster-General's Department, Melbourne, 1st July, 1913.

WITH reference to the attached papers [not printed], containing a memorandum from the High Commissioner's office dated London, 20th December, 1912, which you referred to this office on the 21st January last, I am directed by the Postmaster-General to inform you that Sir Henry Primrose's letter has been given consideration, and that at the time the laying of the Pacific cable was decided upon the charges in Australia on cable traffic were as high as 11d. per word, 7d. per word being payable to South Australia in connection with the erection and maintenance of the overland line to Darwin, and the balance payable to other States transited by the cable business, and varying according to the State of origin or destination, the States being at that time separate entities. Almost concurrently, however, with the opening of the Pacific cable, Australia entered the International Telegraph Union as one Administration. Under this Convention each Administration has the right to decide what its rates shall be for terminal and transit services, the only restriction being that all parties making use of those services must be charged the same rate. And it therefore followed that, as the Commonwealth had entered the International Union as one Administration, one rate had to be fixed in lieu of the varying ones which had been in existence while the States were separate Administrations, and that the Pacific Cable Board and the Eastern Extension Company had to be placed on precisely the same footing as regards out transit and terminal rate. In fixing that rate two considerations had to be kept in view—viz., the interest of the Pacific cable, in which Australia was a partner, and the fact that for business via the Eastern route not only had an expensive line from Port Darwin to Adelaide to be maintained, but also that under agreements entered into by the State Government with the Eastern Extension Company special lines had to be provided, as, for example, the one between Adelaide and Sydney, for that company's traffic. In view of the long and expensive lines which the Commonwealth was thus compelled to maintain for purely cable purposes, and considering the length of its ordinary lines throughout the Commonwealth, Australia would have been not only within its rights, but would have been justified in fixing as its transit and terminal rate the maximum charge of 11d. then in force; but with a view of assisting the Pacific cable by giving the Pacific Cable Board as large a proportion as possible of the 3s. a word which it had been decided to charge the public on messages to and from the United Kingdom, the Commonwealth agreed to fix its rate at 5d., thus sacrificing a considerable amount of revenue, estimated at that time at over £12,000 a year, a fact which appears to be lost sight of whenever the Commonwealth transit and terminal rate is criticized.

2. The fact that the Commonwealth has fixed its rate for its inland business at a figure which is notoriously below the cost of rendering the service is no argument in favour of dealing similarly with cable traffic. Apart from this, cable business is given precedence over ordinary business—even over “urgent” business, for which double the ordinary rate is charged—and is composed of code words, for which also a special charge is levied, so that, even comparing the cable business with Commonwealth inland telegrams, and basing the charges on the same principle, a cable message should pay something in excess of 4d. a word. Thus ordinary inland messages are charged, roughly, at 1d. per word and an urgent message, which takes precedence of ordinary business, is charged double, or, roughly, 2d. a word. On the same principle, a cable message which takes precedence of urgent business should be charged 4d. a word. When it is considered, however, that the rate charged the Pacific Cable Board must be the same as that charged to the Eastern Extension Company, and, as already stated, the Commonwealth has erected and maintained expensive lines for the Eastern Extension traffic, it will be seen that its rate of 5d. a word is not excessive, particularly when the area of Australia and the length of line over which telegraph business is transmitted therein are taken into consideration.

3. There can, of course, be no reasonable comparison between Australia and New Zealand. The former has an area of 2,974,581 square miles, and approximately 45,000 miles of telegraph-lines; whereas New Zealand has an area of 104,751 square miles, and approximately 12,000 miles of telegraph-line.

4. With regard to Sir Henry's reference to the fact that it is an anomaly that Australia should receive more from the charge of 5d. a word which she levies for her terminal and transit service than the amount which she has to pay out on her proportion of the loss on the Pacific cable, and his suggestion for an alternative scheme by which it is said this anomaly might be rectified, I am to state that the fallacy in the argument lies in the fact that the proposer has omitted to take into account what it costs the Commonwealth to render the service for which it charges the 5d. per word, and to realize that any loss or otherwise on the cable arises from circumstances over which the Commonwealth has no control. Were Sir Henry's argument carried

to its logical conclusion it would result in the Commonwealth having to render a terminal and transit service for nothing. The loss on the cable for the last three years has been as follows:—

	£
Year ended 31st March, 1911	48,210
Year ended 31st March, 1912	40,498
Year ended 31st March, 1913 (estimated)	23,000

and if, for the sake of argument, the business between New Zealand and Canada and New Zealand and the United Kingdom were through some special cause to increase to such an extent that that deficit would be wiped out, and that Australia would thus not have to make any contribution to a loss on the cable, it would then, according to Sir Henry's argument, not be entitled to make any charge for transit and terminal service, because it would not be entitled to derive from that source any amount which it was not paying out to the other partners in the cable—a position which only has to be stated in order to demonstrate its absurdity. The alternative which is suggested to get over this difficulty is hardly worth dealing with under these circumstances, but it is interesting to notice that in making his calculations Sir Henry has omitted to show that any amount is allocated out of the total charge of 3s. for transit across Canada. In setting out what amounts the partners received out of the 3s., Sir Henry states that Canada receives nil, because she provides no service, but in the original apportionment of the 3s. a sum of 3d. was shown for transit charges across Canada; and whether that amount is received by Canada, or by some other authority which provides the service, the position is the same in that respect as it is in Australia.

5. In view of all the circumstances, the Commonwealth Government is not prepared to vary its transit and terminal rate while the present charge to the public is maintained, but should lower charges to the public be decided upon the Commonwealth will be quite agreeable to reduce its charges proportionately.

JUSTINIAN OXENHAM, Secretary.

The Secretary, Department of External Affairs, Melbourne.

[P. & T. 11/68.]

No. 5.

The HIGH COMMISSIONER to the Right Hon. the PRIME MINISTER

(Telegram.)

London, 26th February, 1914.

TERMINAL rates, Pacific Cable Board, not yet settled. I carried motion of reduction message rate, but notice has been given to rescind.

No. 6.

The Right Hon. the PRIME MINISTER to the HIGH COMMISSIONER.

(Telegram.)

Wellington, 3rd March, 1914.

TERMINAL rates, Pacific cable: Your action securing motion reduction approved. Dominion urges prompt ratification. Strongly opposed rescinding.

No. 7.

The Right Hon. the PRIME MINISTER to the HIGH COMMISSIONER.

SIR,—

Prime Minister's Office, Wellington, 6th March, 1914.

I have the honour to acknowledge the receipt of your cable message of the 26th ultimo, as under [see No. 5], and to confirm the reply of the 3rd instant, as follows [see No. 6].

I have not your announcement of the resignation of the chairmanship by Sir Henry Primrose, but the resignation is announced in the Press telegrams. I am sorry if the Press telegrams relate the fact. At the same time it may be that the way to a reduction is made easier. I shall regret to have it confirmed that Sir Henry Primrose has resigned: he has done good work on the Board, and proved himself an able and careful administrator. But if the resignation is inevitable it is to be assumed that Sir Henry's successor will come to the Board with a knowledge and a conviction of present-day requirements.

I have, &c.,

R. HEATON RHODES,

For the Prime Minister.

The Hon. Thos. Mackenzie, F.R.G.S., High Commissioner for New Zealand, London.

No. 8.

The HIGH COMMISSIONER to the Right Hon. the PRIME MINISTER.

(Telegram.)

London, 23rd March, 1914.

PACIFIC Cable Board yesterday Sir Matthew Nathan moved rejection concession New Zealand terminal rates. Sir Henry Babington Smith, new Chairman, requested postponement, in order to enable him to consider matter.

No. 9.

The HIGH COMMISSIONER to the Right Hon. the PRIME MINISTER.

(Telegram.)

London, 8th April, 1914.

TERMINAL rates: At meeting of Pacific Cable Board yesterday majority was in favour of rescinding motion giving New Zealand concession. Recognizing this, I carried amendment that whole question of reduction of rates to be considered at future meeting. Told Board rejection concession New Zealand might change her attitude of friendliness towards the Board.

No. 10.

The Right Hon. the PRIME MINISTER to the HIGH COMMISSIONER.

(Telegram.)

Wellington, 15th April, 1914.

PACIFIC-CABLE terminal rates: Dominion approves your action. It is hoped Board will not compel Dominion take any action that would disturb present friendly relations. Inform Board.

No. 11.

The Right Hon. the PRIME MINISTER to the HIGH COMMISSIONER.

SIR,—

Prime Minister's Office, Wellington, 17th April, 1914.

I have the honour to acknowledge receipt of your cable messages of the 23rd ultimo and 8th instant, as under [Nos. 8 and 9], and to confirm my reply of the 15th instant, as follows [No. 10].

I should like you to let it be understood that New Zealand is firm on this point. The expectation of the public here has been raised to the point whence the next departure is to put them in enjoyment of the lowered charges. No decision of the Board has been anticipated. . . . I have yet to learn on what ground the vote of the Board to grant New Zealand the reduction in the rate is proposed to be rescinded.

I have, &c.,

R. HEATON RHODES,

For the Prime Minister.

The Hon. Thos. Mackenzie, F.R.G.S., High Commissioner for New Zealand, London.

WEEK-END CABLE MESSAGES.

No. 12.

His Excellency the GOVERNOR to the Hon. the PRIME MINISTER, Wellington.

Government House, Wellington, 10th April, 1913.

THE Governor desires to acquaint the Prime Minister that the following telegram, sent from Brisbane and dated the 9th April, has been received by His Excellency:—

“Please communicate following to Postmaster-General: ‘You may be interested to hear that we have telegraphed Secretary of State for the Colonies urging importance of more satisfactory telegraphic arrangements. Suggestions made are—First, abolition formalities deferred and week-end; second, reduction minimum length week-end from twenty-four words to twelve and telegraphic transmission throughout without extra charges; third, acceptance dictionary code-word in deferred.’ If your Government takes parallel action I should be glad if you can keep me informed. Understand that conference between Government and Cable Company will be held London this week.—VINCENT.”

The Hon. the Prime Minister, Wellington.

LIVERPOOL, Governor.

[P. & T. 11/1.]

No. 13.

The HIGH COMMISSIONER to the Hon. the PRIME MINISTER.

SIR,—

Westminster Chambers, 13 Victoria Street, London S.W., 22nd May, 1913.

I have the honour to state that the General Post Office here, having under consideration the cable-letter services recently established between this country and Australia, New Zealand, South Africa, and North America, and the probability that occasion will shortly arise for extensions of the cable-letter system both in Europe and beyond, called a meeting of the representatives of the Administrations and companies concerned to discuss the matter. This meeting took place at the General Post Office on the 8th instant, and herewith I enclose, for your information, a report of the proceedings thereat.

I have, &c.,

The Hon. the Prime Minister, Wellington, New Zealand.

THOS. MACKENZIE.

[P. & T. 11/1.]

Enclosure in No. 13.

WEEK-END CABLE-LETTER SERVICES.—REPORT OF MEETING AT GENERAL POST OFFICE, 8TH MAY, 1913.

(Sir A. F. King, K.C.B., in the chair.)

Present.—Australia—Captain R. Muirhead Collins, C.M.G., R.N.; Colonial Office—Mr. G. W. Johnson, C.M.G.; Eastern Telegraph Company—Mr. W. Hibberdine; Eastern Extension Telegraph Company—Mr. F. E. Hesse; New Zealand—Mr. C. Wray Palliser; Pacific Cable Board—Right Hon. Sir H. W. Primrose, K.C.B., C.S.I., Mr. F. J. Adye; Post Office—Mr. E. W. Farnall, C.B., Mr. F. J. Brown, Mr. J. I. De Wardt, Mr. A. W. Cross; South Africa—Mr. T. S. Nightingale; Western Telegraph Company—Mr. W. Dover; Western Union Telegraph Company—Mr. S. J. Goddard, Mr. W. Goddard, Mr. W. J. Scott.

The Chairman said that the meeting had been called to consider a means of simplifying the cable-letter services so as to make them easier to work and more attractive to the public. The

present complication of services and variety of conditions involved loss to the telegraph service both through the large number of mistakes made in dealing with the messages and through the deterrent effect which they had on the public. It would, therefore, be in the general interest to arrange a simple and uniform scheme.

I.

The first question on the agenda concerned the minimum number of words. There were three minimum numbers at present used—24 to Australasia, 25 to America, and 30 to South Africa. It would be an advantage if these could be reduced to one.

Sir H. Primrose remarked that the difference between the Australasian and American services arose because in the American service no charge was made for the cable transmission of the indicator. He thought that on the analogy of the rules for the deferred service a charge ought to be made for the indicator. As regards the question of uniformity, he suggested that the difficulties, so far as the public were concerned, might be avoided if the rates were published in the form of a word rate with a minimum charge of so-much, without specifying the number of words which the minimum charge covered. This arrangement would also, he thought, have the advantage of not suggesting to the public that they should fill out their messages beyond what was necessary, so as to reach a specified minimum number of words.

Mr. Hibberdine said that the Eastern Company were quite prepared to reduce the minimum number of words in their South African service, and also to charge a single-word rate beyond the minimum, but in that case they could not maintain the present rate of one-fifth of the ordinary rate. They would be willing to adopt quarter-rates, as in the Australian service; but in that case they would have to reduce the minimum to 20, so as to give the public an adequate compensation for the increase in the rate. The charge to South Africa would then be 7½d. a word, with a minimum of 12s. 6d. The company would hesitate to abandon charging by groups of 5 words (which they found profitable) unless they had a quarter-rate. They could not reduce the South African minimum to 24 with a proportionate reduction on the present charge.

Sir H. Primrose was not prepared to say that the Pacific Cable Board would hold out for a 24-word minimum against a 20-word minimum—that would be a matter for consideration; but he was sure the Board would not be willing to go below 20 words.

Mr. Hibberdine said that the Eastern Company would also not be willing to have a minimum lower than 20 words.

The Chairman was disposed to agree that a minimum of less than 20 words was unsuitable. A minimum of 12 words had been proposed by the Australian Post Office, but that seemed to be inconsistent with the idea of a cable letter.

Mr. S. J. Goddard thought that the Western Union Company could not agree to a 20-word minimum, which would be equivalent to a reduction of rates. The present cable-letter rates had not been in operation very long, and the company were not yet able to appreciate their effect upon the traffic. The American cable-letter business was larger in amount than that with any other country, and any reduction would therefore affect the Western Union Company most.

The Chairman pointed out that on New York messages the Western Union Company at present charged a lower rate for words within the minimum than for words beyond the minimum. Would it be possible for them to compensate themselves for a reduction in the minimum number of words by increasing the word-charge within the minimum to the word-charge beyond the minimum?

Mr. Goddard thought that the company would be unwilling to interfere with the present rates in any way until they had had more experience of them. He would put before the company's executive at New York the question of reducing the minimum to 20, but he thought there was very little chance of an alteration at present.

II.

The Chairman then proceeded to the second point on the agenda—the question of a single rate for each service. He remarked that the present system, under which the public had to choose between four combinations of post and telegraph, was an embarrassment and a source of irritation. The number of errors was large, and although they were decreasing as the officers of the Department became more familiar with the service, he thought they would continue numerous so long as the arrangements were as complicated as they were at present. He did not think it necessary or desirable to abandon the posting, since that would take away the special character of the cable letters, but he thought it should be left to the discretion of the Administrations to employ post or telegraph as might seem fit, the charge to the public being the same in either case.

Mr. Hibberdine said that the Eastern Company were strongly in favour of a single rate. The present system was very troublesome in working, and it was, they felt, unfair to the large inland towns, especially in South Africa. The company thought that transmission should be by telegraph throughout, but they would be willing to hand over to the Government messages which they did not themselves deliver, to be posted or telegraphed to destination at its discretion. He added that the company would like delivery on Monday, but they did not press for that, though they thought it bound to come.

Sir H. Primrose said that under the present arrangement all the principal towns in Australia were on an equal footing, since the cable letters were delivered by Tuesday without payment of an extra charge. It was true that this did not apply to country places, but the receivers in those cases would not mind a little delay. It was the business people in the large towns who objected to delay; but he was anxious not to give special facilities to these people. In particular he would strongly resist delivery on Monday, which would, he thought, result in a large transfer of deferred traffic to the cable-letter service. The Board could not afford this. They had only adopted the cable-letter system on the assumption (which had so far, he thought, been justified) that the system would create new business. He had no objection to telegraphic delivery in itself, so long

as it did not include delivery before Tuesday, and did not involve a payment out of the cable rates.

The Chairman remarked that the Government could not transmit the messages by telegraph for nothing, and that if the charge did not come out of the cable rate it meant an increased charge to the public. Would it be possible to make a slightly increased charge on all messages to cover the cost of telegraphic transmission in the cases where this might be considered necessary?

Sir H. Primrose thought that the Australian and New Zealand Governments would object to any increase in the charge to the public.

The Chairman said that the Governments might accept a reduced payment for their service. Australia had offered to accept a quarter of its terminal rate to cover telegraphic delivery without extra charge, and the Post Office might perhaps be able to accept a quarter of its Convention terminal rate of 15 centimes—viz., 3·75 centimes.

Mr. Hibberdine thought that the Eastern Company would be prepared to accept this arrangement. They would, in that case, post all the inward messages and pay the Post Office proportion on the outward messages collected by it. The Post Office would deal with these messages as it chose. He added that the bulk of the outward traffic was handed to the company direct.

Mr. Goddard said that the Western Union Company could not make a similar offer. The charges made to the public were the lowest possible, and the company could not pay anything out of them. The present system encouraged senders to hand their messages direct to the company, and was therefore preferred by them.

Sir H. Primrose questioned whether, after all, it was necessary to make any alteration. The difficulties to which reference had been made would disappear in time.

Mr. Hibberdine said that the posting arrangements had given the company much trouble, and they were anxious to get rid of them. Would the Pacific Cable Board be willing to accept a rate of 10d. to Australasia, and pay Australia 1½d. out of it for telegraphic delivery, the Post Office at this end receiving 3·75 centimes?

Sir H. Primrose thought it a question whether this would not result in a loss of money to the cables. The proposal would require consideration, but he feared that the abandonment of the posting arrangements would result in Monday delivery, and this, he thought, would involve the Board in loss.

Mr. Brown asked whether, if an alteration was not at present practicable in the North American service, uniformity could not be secured in the other services, both as regards the minimum number of words and as regards the simplification of the method of treatment.

Mr. Goddard said that he would consider what the Western Union Company could do so as to assist the Pacific Cable Board in adopting some simple and uniform arrangement which would be generally acceptable.

It was arranged that Sir Henry Primrose and Mr. Goddard should confer on this point.

Mr. Hibberdine expressed the view, with regard to Monday delivery, that the effect would not be so serious as Sir H. Primrose feared. He did not think it would have any great effect on the deferred traffic, and in any case the Eastern Company would not mind that.

Sir H. Primrose said that before accepting this view he would like to examine the Board's deferred traffic so as to see what amount would be likely to be diverted to a week-end service with Monday delivery.

III.

The Chairman, with reference to the third question on the agenda, asked if the Western Union Company would be willing to assimilate the rules for the text in the American service to the deferred rules—i.e., to exclude figures, commercial marks, and commercial expressions.

Mr. Goddard remarked that this would be a withdrawal of a privilege from the public, but said that he would put the question before the company's executive in New York.

General Post Office, London, May, 1913.

[The Monday delivery has been conceded from 20th July, 1914.]

No. 14.

The ACTING-SUPERINTENDENT, Eastern Extension Company, Wakapuaka, to the SECRETARY, General Post Office, Wellington.

The Eastern Extension Australasia and China Telegraph Company (Limited),
Wakapuaka, 4th June, 1913.

SIR,—

In the case of non-delivery of posted week-end messages, should they be dealt with as unclaimed letters or undelivered telegrams? If the former, the delay in notifying non-delivery from the cable-station, owing to the time that would elapse before the posted copy was returned unclaimed by the Postal Department, would practically render such advice useless.

If treated as a telegram, which appears the correct method, is there any general instruction upon the subject?

I shall be glad of your views on this question.

I have, &c.,

M. E. F. AIREY,

Acting-Superintendent.

The Secretary, General Post Office, Wellington.

[P. & T. 11/16.]

No. 15.

The SECRETARY, Postmaster-General's Department, Melbourne, to the SECRETARY, General Post Office, Wellington.

SIR,—

Postmaster-General's Department, Melbourne, 12th June, 1913.

With reference to your letter of the 8th ultimo [not printed], in which you asked whether this Department would take any action in the matter of giving effect to the representations made to the Empire Trade Commission by Mr. Paxton, ex-President of the Sydney Chamber of Commerce, in favour of an extension of the principle of cheap week-end cables, I have the honour to inform you that this Administration has already urged the reduction of the minimum charge for week-end cable letter from 18s. per twenty-four words to 9s. per twelve words.

2. As the Pacific Cable Board and the Eastern Extension Telegraph Company have each two cable termini in Australia—viz., Sydney and Southport, and Adelaide and Perth respectively—Melbourne and Hobart thereby being at a disadvantage, and as, owing to the large area of the Commonwealth, a long time would necessarily be taken in course of post, even to many very important centres, it was also urged that the minimum charge of 9s. per twelve words should cover transmission by wire in Australia, except within cable-terminal cities, provided the Commonwealth was allowed as a terminal rate the same proportion of the 9d. per word as it now receives of the ordinary charge of 3s. per word.

3. These proposals were not, however, acceptable.

I have, &c.,

JUSTINIAN OXENHAM, Secretary.

The Secretary, General Post Office, Wellington, New Zealand.

No. 16.

The SECRETARY, General Post Office, Wellington, to the SUPERINTENDENT, Pacific Cable Board, Auckland.

SIR,—

General Post Office, Wellington, 13th June, 1913.

The question has been raised whether non-delivered week-end cable messages should be dealt with as unclaimed letters or undelivered telegrams. The question appears to be answered by International Regulation XLVII (10), as under: "Telegrams addressed 'poste restante' or delivered by post are subject, as to delivery and periods of preservation, to the same rules as postal correspondence."

Once posted, a telegram passes from the control of a telegraph administration. But I shall be glad to hear whether you think it necessary or advisable to recommend any variation of this rule in respect of week-end messages which were not in vogue when this rule was made. Any variation implying control by a telegraph administration of a posted message (a letter) would mean, I have no doubt, an alteration of postal laws in the several places affected by it—a matter which would have to be given very serious consideration.

I have, &c.,

The Superintendent, Pacific Cable Board, Auckland.

W. R. MORRIS, Secretary.

No. 17.

The Hon. the PRIME MINISTER to the HIGH COMMISSIONER.

SIR,—

Prime Minister's Office, Wellington, 3rd July, 1913.

I have the honour to acknowledge the receipt of your letter of the 22nd May last, covering a report of a meeting at the General Post Office on the 8th idem, called to consider a means of simplifying the cable-letter services so as to make them easier to work and more attractive to the public.

I have, &c.,

R. HEATON RHODES,

For the Prime Minister.

The Hon. Thos. Mackenzie, F.R.G.S., High Commissioner for New Zealand.

No. 18.

The SUPERINTENDENT, Eastern Extension Company, Wakapuaka, to the SECRETARY, General Post Office, Wellington.

(Telegram.)

Wakapuaka, 14th July, 1913.

PLEASE add following to list terminal cable offices in Great Britain for week-end messages via Eastern: Birmingham, Cardiff, Porthcurnow. Hull to be opened next October.

[P.C. Rates 13/129.]

No. 19.

The SECRETARY, General Post Office, Wellington, to the SUPERINTENDENT, Pacific Cable Board, Auckland.

(Telegram.)

Wellington, 14th July, 1913.

FOLLOWING from Superintendent, Wakapuaka: "Please add following to list terminal cable offices in Great Britain for week-end messages via Eastern: Birmingham, Cardiff, Porthcurnow. Hull to be opened next October." Presume offices mentioned are available for both routes.

No. 20.

The SUPERINTENDENT, Pacific Cable Board, Auckland, to the SECRETARY, General Post Office, Wellington.

(Telegram.)

Auckland, 15th August, 1913.

IN reply to your service message of the 14th ultimo, the manager in the Pacific advises: "Birmingham, Cardiff, and Porthcurnow are not available for week-end cablegrams via Pacific addressed to code indicators."

[P.C. Rates 13/133.]

No. 21.

The SECRETARY, General Post Office, Wellington, to the SUPERINTENDENT, Eastern Extension Company, Wakapuaka.

(Telegram.)

Wellington, 26th August, 1913.

YOUR service 14th July, cable offices Birmingham, Cardiff, Porthcurnow: Are these offices available for messages to code addresses without payment Great Britain inland rate?

[P.C. Rates 13/136.]

No. 22.

The SUPERINTENDENT, Eastern Extension Company, Wakapuaka, to the SECRETARY, General Post Office, Wellington.

(Telegram.)

Wakapuaka, 27th August, 1913.

YOUR service yesterday *re* week-end letter telegrams: Yes; and all other Eastern terminal offices in Great Britain are available for messages to code addresses, but not necessarily registered with Eastern.

[P.C. Rates 13/137.]

No. 23.

The SECRETARY, General Post Office, Wellington, to the SUPERINTENDENT, Pacific Cable Board, Auckland.

SIR,—

General Post Office, Wellington, 5th September, 1913.

With reference to my service telegram of the 14th July last, regarding week-end cable telegrams for Birmingham, Cardiff, and Porthcurnow, and your service of the 15th ultimo; it is noted that week-end telegrams addressed to code indicators for the places named are not available via Pacific. I have to point out that week-end telegrams addressed to code indicators at those places are available by the Eastern route, and should be glad if you would bring the matter under the notice of your Board, as this Department is of opinion that the facilities for the delivery of all classes of cable messages from New Zealand should be available to all routes.

I have, &c.,

The Superintendent, Pacific Cable Board, Auckland.

W. R. MORRIS, Secretary.

[P.C. Rates 13/140.]

No. 24.

The SUPERINTENDENT, Pacific Cable Board, Auckland, to the SECRETARY, General Post Office, Wellington.

SIR,—

The Pacific Cable Board, Auckland Station, 8th September, 1913.

I beg to acknowledge the receipt of your letter of the 5th instant, concerning week-end cable telegrams for Birmingham, Cardiff, and Porthcurnow, and, in reply, have to inform you that your letter has been forwarded to my Board for consideration.

I have, &c.,

The Secretary, General Post Office, Wellington.

WM. BENT, Superintendent.

[P.C. Rates 13/141.]

No. 25.

The SECRETARY, General Post Office, Wellington, to the SUPERINTENDENT, Pacific Cable Board, Auckland.

(Telegram.)

Wellington, 25th September, 1913.

WEEK-END cable offered addressed to Germany post from England. Can we accept? Sender waiting reply.

[P. & T. 11/1.]

No. 26.

The SUPERINTENDENT, Pacific Cable Board, Auckland, to the SECRETARY, General Post Office, Wellington.

(Telegram.)

Auckland, 25th September, 1913.

WEEK-END messages are limited to United Kingdom. Unable to accept same for other European countries.

No. 27.

The SUPERINTENDENT, Pacific Cable Board, Auckland, to the SECRETARY, General Post Office, Wellington.

(Telegram.)

Auckland, 29th September, 1913.

AT Board meeting 13th August it was decided agree reduction of minimum charge week-end cable letters from 18s. to 15s. No advice yet received as to date this modification will commence.

No. 28.

The SUPERINTENDENT, Pacific Cable Board, Auckland, to the SECRETARY, General Post Office, Wellington.

SIR,—

The Pacific Cable Board, Auckland Station, 30th September, 1913.

I beg to acknowledge receipt of your letter of the 26th instant [not printed], concerning the minimum charge for week-end cable letters, and, in reply, beg to confirm the information conveyed to you in my service message of the 29th instant, which read as follows: "At a Board meeting on 13th August it was decided to agree to the reduction of the minimum charge for week-end cable letters from 18s. to 15s. No advice yet received as to date this modification will commence."

I have, &c.,

The Secretary, General Post Office, Wellington.

WM. BENT, Superintendent.

No. 29.

The SUPERINTENDENT, Pacific Cable Board, Auckland, to the SECRETARY, General Post Office, Wellington.

SIR,—

The Pacific Cable Board, Auckland Station, 19th November, 1913.

I beg to hand you copies of letters received from my head office, relative to the treatment accorded to undelivered week-end cable letters by the British telegraph authorities.

The communications are in reply to the question raised by your Department in June last.

I have, &c.,

The Secretary, General Post Office, Wellington.

WM. BENT, Superintendent.

[P. & T. 11/16.]

Enclosure 1 in No. 29.

The SECRETARY, Pacific Cable Board, London, to the MANAGER IN THE PACIFIC, Pacific Cable Board, Sydney.

SIR,—

The Pacific Cable Board, London, 3rd October, 1913.

With reference to your letter dated 28th June last [not printed], relative to treatment of cases of undelivered week-end cable letters, the matter was submitted to the Post Office for a ruling, and I now attach copy of their reply.

I have, &c.,

F. J. ADYE, Secretary.

The Manager in the Pacific, Pacific Cable Board, Sydney.

Enclosure 2 in No. 29.

The SECRETARY, General Post Office, London, to the SECRETARY, Pacific Cable Board, London.
SIR,—

General Post Office, London, 2nd October, 1913.

With reference to your letter of the 6th August, I am directed by the Postmaster-General to say that the posting of cable letters for delivery in the United Kingdom is effected by the cable companies. If the packets are not delivered they are returned, in the same way as other undelivered-letter packets, to the company by whom they were posted. It is understood that the companies then notify the office of origin by telegraph of the non-delivery.

Cable letters which are to be delivered by telegraph would, if undelivered, be treated in regard to the notification of non-delivery like ordinary telegrams.

The Secretary, Pacific Cable Board, London.

I have, &c.,

E. W. FARNALL.

No. 30.

The ASSISTANT SECRETARY, General Post Office, Wellington, to the SUPERINTENDENT, Pacific Cable Board, Auckland.

SIR,—

General Post Office, Wellington, 20th November, 1913.

I have the honour to refer to your letter of 30th September last, confirming your telegram of the 29th idem, notifying that your Board had decided to agree to the reduction of the minimum charge for week-end cable letters from 18s. to 15s., and to inquire whether you have anything further to communicate in the matter.

I have, &c.,

F. V. WATERS,

Assistant Secretary.

The Superintendent, Pacific Cable Board, Auckland.

[P. & T. 11/1.]

No. 31.

The SUPERINTENDENT, Pacific Cable Board, Auckland, to the SECRETARY, General Post Office, Wellington.

SIR,—

The Pacific Cable Board, Auckland Station, 26th November, 1913.

I beg to acknowledge the receipt of your letter of the 20th instant, concerning the minimum charge for week-end letter cablegrams, and to inform you that my head office has advised by cable that the reduction of week-end letter charges is still under consideration.

I have, &c.,

WM. BENT, Superintendent.

The Secretary, General Post Office, Wellington.

No. 32.

The HIGH COMMISSIONER to the Hon. the PRIME MINISTER.

SIR,—

Westminster Chambers, 13 Victoria Street, London S.W., 12th December, 1913.

I have the honour to transmit herewith copy of letter I have received from the Secretary of the Pacific Cable Board covering copy of correspondence exchanged with the Board and the Imperial Post Office relative to the proposal to institute for week-end cable-letter traffic between Great Britain and Australasia a single uniform rate of 9d. per word (with a minimum of 15s. per message), such rate to cover telegraphic transmission in the countries of origin and destination.

I enclose a complete copy of this correspondence, part of which has already been sent with my confidential letter of the 26th ultimo [not printed].

I have, &c.,

The Hon. the Prime Minister, Wellington, New Zealand.

THOS. MACKENZIE.

Enclosure 1 in No. 32.

The SECRETARY, Pacific Cable Board, London, to the HIGH COMMISSIONER.

SIR,—

Pacific Cable Board, Queen Anne's Chambers, London S.W., 28th November, 1913.

I am directed by the Chairman to transmit for your information copy of correspondence exchanged with the Imperial Post Office relative to the proposal to institute for week-end cable-letter traffic between Great Britain and Australasia a single uniform rate of 9d. per word (with a minimum of 15s. per message), such rate to cover telegraphic transmission in the countries of origin and destination.

The matter has now been carried to the High Commissioner for Australia, for submission to his Government for their decision as regards terminal rates.

I have, &c.,

The High Commissioner for New Zealand, London.

F. J. ADYE, Secretary.

Sub-enclosure 1 in No. 32.

The SECOND SECRETARY, General Post Office, London, to the CHAIRMAN, Pacific Cable Board, London.

SIR,— General Post Office, London, 5th November, 1913.

I enclose a copy of a letter which we have received from the Eastern Telegraph Company regarding the week-end cable-letter services.

You will see that the company strongly favour the application of the single rate to the Australasian service, and that the decision in this respect in regard to the South African service, and to contemplated services with India and elsewhere, will depend upon what is done in the Australasian case.

We should be sorry if this opportunity were lost, because we believe, as you know, that the proposed simplification would be of considerable advantage to the Administrations concerned, and also that if it can be arranged without increase of rate it will be of appreciable benefit to the public.

In view of these advantages, we should be prepared, subject to Treasury approval, to accept the proposed rate of 3½ centimes a word on the messages dealt with by us; and, as the Australian Administration is, we are assured, strongly in favour of the unification of the service, there ought not to be much difficulty in securing their consent to the arrangement. You will, no doubt, remember that Australia offered in December last to accept a rate of 1½d. on all cable letters (covering transmission on the Commonwealth lines where necessary), provided a uniform rate of 9d. were introduced. It is true that they added the condition of a minimum of 9s., but your proposal of a 15s. minimum might be acceptable to them.

In the circumstances we hope that the Board will take an early opportunity of reconsidering the matter in the light of the Eastern Company's proposals.

Right Hon. Sir H. W. Primrose, K.C.B., C.S.I. I have, &c.,
E. CRABB, Second Secretary.

Sub-enclosure 2 in No. 32.

The MANAGING DIRECTOR, Eastern Telegraph Company, London, to the SECRETARY, General Post Office, London.

The Eastern Telegraph Company, Electra House, Finsbury Pavement E.C.

SIR,— [no date].

We have to acknowledge the receipt of your letter of the 22nd August last, on the subject of week-end telegrams.

As stated at the meeting held in May last at the General Post Office, the Eastern and associated companies are prepared to accept the minimum charge for twenty words, involving a minimum charge of 12s. 6d. for South Africa, with a word rate beyond of 7½d., and to Australia a minimum charge of 15s., with a word rate beyond of 9d.

As far as the Eastern and associated companies are concerned, they are prepared to pay the Government charges out of these rates, provided the out-payments are as follows: General Post Office, 3.75 centimes per word; South Africa, ½d. per word; Australia 1½d. per word (this sum to be the total amount paid by the Eastern Extension Company to the Australasian Commonwealth).

In the case of Australasia the associated companies would be prepared to make the additional charge a sum of 10d. per word instead of 9d. if the Pacific Cable Board would agree.

The chief object of these companies is to have a uniform system of charging for week-end telegrams throughout the whole of their system, and unless this uniformity can be attained it does not seem worth while disturbing the existing system with South Africa.

Week-end telegrams will probably be introduced for India, China, Straits Settlements, and other places in the Far East, and it is, therefore, very desirable to have a uniform system that can be applied to all countries, except North America.

Although the associated companies would prefer to deliver week-end telegrams on Monday, they are prepared, for the present, to retain them until Tuesday, and they hope that the Pacific Cable Board will waive their objection to maintaining four different classes of week-end telegrams, which is difficult to work and confusing to the public.

I have, &c.,
W. HIBBERDINE,
The Secretary, General Post Office, London. For Managing Director.

Sub-enclosure 3 in No. 32.

The CHAIRMAN, Pacific Cable Board, London, to the SECRETARY, General Post Office, London.

SIR,— The Pacific Cable Board, London, 25th November, 1913.

I have the honour to acquaint you, for the information of the Postmaster-General, that I last week submitted to my Board Mr. Crabb's semi-official letter to me of 5th instant, and its enclosure from the Eastern Telegraph Company, on the subject of week-end cable services.

My Board still hold the view that it is important to preserve a clear distinction in conditions (corresponding with the distinction in character, which formed an essential feature in the original

scheme) between the week-end cable service and the deferred service. Further, they consider that in the conditions as now established the Board have gone as far in the way of concessions to the public as the interests of their revenue justify in existing circumstances.

Nevertheless, for the sake of a greater uniformity of conditions for British cables at large, they have already signified their willingness to agree to a reduction of the minimum charge per message for Australasian traffic to 15s. (T.W.T. the indicator word), a concession which, as explained in my letter of 14th August last, will entail on the Board more than a proportionate loss; and, in deference to the views of the Postmaster-General here and in Australia, they are now willing to go a step further. They are willing to waive their objection to the doing away with receipt and delivery of week-end cable messages by post, provided that the Commonwealth Government will consent to accept the present out-payment of 1d. per word as covering inland transmission by wire within the Commonwealth, as well as all other terminal charges. The Board do not think that this condition can be regarded as an unreasonable one, seeing that on the one hand the Commonwealth Government receives the 1d. per word on a large number of messages (probably a majority of them) which they do not handle in any way whatever; and on the other that the concession is made by the Board in deference to the wishes of the Commonwealth Government, and to facilitate administrative convenience in Australia, as well as in the United Kingdom.

In New Zealand it will no doubt be necessary for the Board to pay the inland charge when incurred, seeing that the New Zealand Government make no terminal charge whatever on week-end cable messages.

I have not communicated with the Atlantic cable companies on this point. But I presume that it will always remain open to them to make use of the post, at any rate for delivery of week-end cables, should they prefer to do so in cases where delivery by post would ensure a message reaching its destination by Tuesday morning; and in that case the matter could hardly be of much moment to them.

The Board feel that they must adhere to the condition of non-delivery at an earlier time than Tuesday morning, as otherwise all appreciable distinction between week-end cables and deferred messages would be obliterated.

I shall be obliged if you will let me know (if possible by Thursday next) whether the Postmaster-General would wish himself to bring this matter before the Commonwealth Government, or whether he would prefer that the Board should ask the Acting High Commissioner to do so.

I have, &c.,

The Secretary, General Post Office, London E.C.

H. W. PRIMROSE, Chairman.

Sub-enclosure 4 in No. 32.

The SECRETARY, General Post Office, London, to the CHAIRMAN, Pacific Cable Board, London.

SIR,—

General Post Office, London, 27th November, 1913.

I am directed by the Postmaster-General to say that he has received with pleasure your letter of the 25th instant, intimating that the Pacific Cable Board are prepared, under certain conditions, to agree to the proposal for a single uniform rate of 9d. a word (with a minimum of 15s.) for cable letters to Australasia, this rate to include transmission by telegraph in the country of origin and destination when necessary to secure despatch during the week-end and delivery by Tuesday.

The Postmaster-General will be glad if the Board will undertake the necessary communication to the Australian Government.

The acceptance by this Department of a rate of 3·75 centimes a word for such cable letters as pass over its lines is, as already explained, subject to Treasury approval.

I have, &c.,

Right Hon. Sir Henry Primrose, K.C.B., C.S.I.

A. F. KING, Secretary.

No. 33.

The SECRETARY, General Post Office, Wellington, to the SUPERINTENDENT, Eastern Extension Company, Wakapuaka.

SIR,—

General Post Office, Wellington, 18th December, 1913.

In reference to your letter of the 4th June last, raising the question whether week-end cable messages posted from the cable-station and not delivered should be dealt with as unclaimed letters or undelivered telegrams, I beg to inform you that such messages will continue to be dealt with as unclaimed letters. This is in accordance with International Regulation XLVII (10), and is the rule in the United Kingdom.

I have, &c.,

W. R. MORRIS, Secretary.

The Superintendent, Eastern Extension Australasia and China Telegraph Company (Limited), Wakapuaka, Nelson.

P. & T. 11/16.]

No. 34.

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

(Telegram.)

Adelaide, 14th March, 1914.

A WEEK-END service has been arranged between Great Britain and Union of South Africa on basis of quarter-rates with minimum twenty words to come into force first April next. Will New Zealand accept similar service via Cocos to come into force same date—viz., a tariff of eightpence per word, with minimum thirteen shillings and fourpence, to include terminal rate halfpenny South Africa, farthing New Zealand, and transit penny farthing Australia; such week-end messages to be subject same rules as deferreds; delivery to continue to be Tuesday for present; prefix TWT only to be used, and messages to be dealt with telegraphically throughout. If desired, service could be extended to South and North Rhodesia and Nyassaland. Germany also desires to extend week-end messages with New Zealand. Tariff proposed is sixteen shillings and eightpence per minimum of twenty words, including prefix, and tenpence each additional word. Company prepared pay same transit and terminal rates Australia and New Zealand as in case South African traffic. Glad if you would kindly give decision early as convenient. Am in communication Commonwealth on subject.

[P. & T. 11/1.]

No. 35.

The Right Hon. the PRIME MINISTER to the HIGH COMMISSIONER.

SIR,—

Prime Minister's Office, Wellington, 20th March, 1914.

I have the honour to refer to your letter of the 12th December last, on the subject of the proposal to institute for week-end cable-letter traffic between Great Britain and Australasia a single uniform rate of 9d. per word, with a minimum of 15s. per message, such rate to cover telegraphic transmission in the countries of origin and destination.

This Government favours a reduction of the minimum charge per message from 18s. to 15s., and it considers that such messages should be telegraphed throughout their route, New Zealand receiving its inland charge of $\frac{1}{2}$ d. per word. I should be glad if you would so inform the Pacific Cable Board.

I have, &c.,

R. HEATON RHODES,

For the Prime Minister.

The Hon. Thos. Mackenzie, F.R.G.S., High Commissioner for New Zealand, London.

No. 36.

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

(Telegram.)

Adelaide, 24th March, 1914.

ANY reply *re* proposed revised scheme week-ends for South Africa and Germany? Company quite prepared pay similar transit terminal rate on Great Britain week-ends on conditions mentioned my recent message if agreeable Commonwealth and Zealand.

No. 37.

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

(Telegram.)

Wellington, 25th March, 1914.

DOMINION unable to agree to proposal in your telegram 14th instant. Department cannot accept allocation of one farthing. Would, however, be prepared to favourably consider proposal extend system week-end cable messages South Africa and Germany on conditions in force present system exchanged with Great Britain; allocation to New Zealand to be halfpenny per word; messages to be telegraphed throughout.

No. 38.

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

(Telegram.)

Adelaide, 26th March, 1914.

Your reply received. The revised week-end proposal is to have one class telegraphed throughout, based on quarter-rates, and minimum twenty words; hence suggestion New Zealand farthing terminal. Will Dominion not agree such proposal?

No. 39.

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

(Telegram.)

Wellington, 7th April, 1914.

YOUR telegram 26th ultimo week-end cable letters: This Dominion unable agree accept less than halfpenny per word.

No. 40.

The CHAIRMAN, Pacific Cable Board, London, to the Hon. the POSTMASTER-GENERAL, Wellington.

(Telegram.)

London, 11th April, 1914.

PACIFIC Cable Board purpose introducing 9d. rate for week-end messages, including telegraphic transmission throughout; minimum twenty words; 15s. rate includes halfpenny per word New Zealand. Do you concur? Will advise date of introduction.

No. 41.

The MANAGER IN AUSTRALASIA, Eastern Extension Company, Sydney, to the SECRETARY, General Post Office, Wellington.

(Telegram.)

Sydney, 17th April, 1914.

COMPANY willing pay Zealand halfpenny terminal on week-ends under conditions already advised you—namely, minimum twenty words, messages subject same rules as deferreds, delivery to continue on Tuesday for present, prefix TWT only to be used, and messages to be dealt with telegraphically throughout. Will Dominion now agree these conditions for messages exchanged with Great Britain, Germany, Union South Africa at following rates: Great Britain ninepence, Germany tenpence, Union South Africa eightpence per word, to include terminal rates all Administrations, and scheme to come into force on first May. If you also agree include South and North Rhodesia and Nyassaland, date and rates will be advised later. Glad receive early reply.

No. 42.

The SECRETARY, General Post Office, Wellington, to the CHAIRMAN, Pacific Cable Board, London.

(Telegram.)

Wellington, 17th April, 1914.

MINISTER approves ninepenny rate for week-end messages, including telegraphic transmission throughout, minimum twenty words; rate to include halfpenny per word for New Zealand. Glad introduction soon possible.

No. 43.

The HIGH COMMISSIONER to the Right Hon. the PRIME MINISTER, Wellington.

SIR,— Westminster Chambers, 13 Victoria Street, London S.W., 17th April, 1914.

I have the honour to enclose herein, for your information, copy of a communication I have received from the Pacific Cable Board with regard to their decision to introduce a uniform rate of 9d. per word for week-end cable traffic between the United Kingdom and Australasia. Copy of the cablegram from the Board to the New Zealand Postmaster-General is also enclosed.

I have, &c.,

The Right Hon. the Prime Minister, Wellington, N.Z.

THOS. MACKENZIE.

[P. & T. 11/16.]

Enclosure 1 in No. 43.

The SECRETARY, Pacific Cable Board, London, to the HIGH COMMISSIONER.

SIR,—

The Pacific Cable Board, Queen Anne's Chambers S.W., 9th April, 1914.

I have the honour, by direction, to advise you, for the information of your Government, that the Board at their meeting on the 7th instant decided to introduce a uniform rate of 9d. per word for week-end cable traffic between the United Kingdom and Australasia, to include telegraphic transmission throughout, and it is hoped to bring it into effect on the 1st May proximo.

At the same time the minimum charge for these messages will be reduced from 18s. (twenty-four words) to 15s. (twenty words).

The rate of 9d. for New Zealand traffic will be made up as follows:—

New Zealand terminal and transit	...	...	...	...	0'50d.
Atlantic Company	...	...	...	...	2'50d.
Pacific Cable	...	...	...	...	5'65d.
British Post Office (only on such messages as pass over its lines)	...	...	...	...	0'35d.

9'00d.

I beg to enclose copy of telegram addressed to-day to the New Zealand Administration regarding the amount to be assigned to that Administration for the inland transmission in New Zealand.

The Board understand that the New Zealand Administration has already intimated to the Eastern Extension Telegraph Company their concurrence in this arrangement.

On messages emanating from or destined for places in Great Britain where inland telegraphic transmission is not involved the Pacific Cable proportion will be 6'00d.

As the Atlantic Company decline to reduce their present minimum charge of 4s. 6d. for a message of twenty-four words, that sum will be paid to the Atlantic Company on all messages up to twenty-four words, the excess, in the case of messages under twenty-four words, being taken from the Pacific Cable Board's share.

So soon as the date for introduction has been definitely fixed I will advise you.

I have, &c.,

F. J. ADYE, Secretary.

The High Commissioner for New Zealand, 13 Victoria Street S.W.

Enclosure 2 in No. 43.

The CHAIRMAN, Pacific Cable Board, London, to the Hon. the POSTMASTER-GENERAL, Wellington.

(Telegram.)

London, 9th April, 1914.

PACIFIC Cable Board purpose introduce 9d. rate for welts [week-end letters], including telegraphic transmission throughout, minimum twenty words 15s. Rate includes $\frac{1}{2}$ d. per word New Zealand. Do you concur? Will advise date of introduction.

[For reply see No. 42.]

No. 44.

The SECRETARY, General Post Office, Wellington, to the MANAGER IN AUSTRALASIA, Eastern Extension Company, Sydney.

(Telegram.)

Wellington, 21st April, 1914.

NEW ZEALAND agrees accept halfpenny per word terminal charge on week-end messages. Delivery to continue on Tuesday; prefix TWT only to be used; messages to be telegraphed throughout. For messages exchanged with Great Britain, Germany, and Union South Africa, rate to be ninepence, tenpence, and eightpence per word respectively, including all terminal rates; minimum of twenty words. To operate from 1st proximo. No objection include South and North Rhodesia and Nyassaland on same basis.

[P. & T. 11/1.]

No. 45.

The SECRETARY, General Post Office, Wellington, to the SUPERINTENDENT, Pacific Cable Board, Auckland.

(Telegram.)

Wellington, 21st April, 1914.

WEEK-END cable messages: Eastern Extension Company propose commence 1st proximo week-end messages; prefix TWT only to be used; messages to be telegraphed throughout. Messages to be exchanged with Great Britain, Germany, and Union South Africa. Rate to be ninepence, tenpence, and eightpence per word respectively, including all terminal charges (New Zealand halfpenny per word in each case); minimum twenty words. Probably include South and North Rhodesia and Nyassaland on similar basis later.

Necessary, in order prevent confusion public mind, that similar Pacific rate should operate from same date in respect messages for Great Britain and Germany. Hope Board agree to this.

No. 46.

The SUPERINTENDENT, Pacific Cable Board, Auckland, to the SECRETARY, General Post Office, Wellington.

(Telegram.)

Auckland, 21st April, 1914.

YOUR service message to-day *re* week-end cablegrams has been forwarded to head office. Hope to be able reply shortly.

No. 47.

The SUPERINTENDENT, Pacific Cable Board, Auckland, to the SECRETARY, General Post Office, Wellington.

(Telegram.)

Auckland, 22nd April, 1914.

THE following telegram has been received from my Board in London: "Week-end letter telegrams, Germany. Board have matter in hand with connecting companies, but no definite arrangements yet concluded. Will keep you advised for advice to Commonwealth and New Zealand."

No. 48.

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

(Telegram.)

Adelaide, 24th April, 1914.

THANKS for wire twenty-first *re* week-ends. Service with Germany will require be held in abeyance until single service accepted by Commonwealth and transit rate agreed, which hope will be before first proximo. Company now submit following additions for your consideration: South Rhodesia ninepence, North Rhodesia and Nyassaland tenpence halfpenny word, subject revised conditions; minimum charge twenty words.

No. 49.

The SUPERINTENDENT, Pacific Cable Board, Auckland, to the SECRETARY, General Post Office, Wellington.

(Telegram.)

Auckland, 24th April, 1914.

BOARD have agreed to week-end messages between Australasia and the United Kingdom being telegrams throughout, with reduced minimum to fifteen shillings for messages of twenty words. Extra-word rate ninepence. New Zealand proportion tenpence per message, with extra-word rate of halfpenny. Prefix to be TWT; all others cancelled. Acceptance subject same rules as deferred telegrams, with exception delivery made Tuesday mornings. To come in force May first. Board are in negotiation for introduction week-end messages with Germany and Canada. Will advise result later.

[P. & T. 11/16.]

No. 50.

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

(Telegram.)

Wellington, 25th April, 1914.

DOMINION agrees exchange week-end letter telegrams with South Rhodesia ninepence per word, North Rhodesia and Nyassaland tenpence halfpenny per word, subject minimum twenty words. New Zealand to receive in each case halfpenny per word. Messages to be telegraphed throughout. Delivery to be on Tuesday mornings.

[P. & T. 11/1.]

No. 51.

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

(Telegram.)

Adelaide, 29th April, 1914.

INDIA, Burma, and Ceylon desirous of exchanging week-end messages with New Zealand on revised basis of twenty words minimum, &c., from the first proximo. The total rate proposed is 8½d. Kindly say whether Zealand agrees.

[P. & T. 11/16.]

No. 52.

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

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

SIR,—

Melbourne, 29th April, 1914.

I have the honour to refer to the recent messages that have passed between us regarding week-end messages, and to confirm the following revised conditions agreed to by the Dominion:—

- (1.) Minimum of twenty words.
- (2.) Messages to be subject to the same rules as "deferreds."
- (3.) Delivery to continue to be on Tuesday.
- (4.) Prefix TWT only to be used.
- (5.) Messages to be dealt with *telegraphically throughout*.

The places to which it is proposed to apply the revised scheme and the rates are:—

	Rates per Word.
Great Britain	9d.
Germany	10d.
Union South Africa	8d.
South Rhodesia	9d.
North Rhodesia	10½d.
Nyassaland	10½d.
India, Burma, Ceylon	8½d.

I have received your acceptance of the foregoing conditions for Great Britain, Germany, and the Union of South Africa; but, unfortunately, the German service will require to be held in abeyance until the scheme is in operation between the Commonwealth and Germany.

The company has agreed to pay the Dominion a terminal rate of ½d. per word on this week-end traffic.

I have, &c.,

L. WEBSTER,

Manager in Australasia

The Secretary, General Post Office, Wellington.

No. 53.

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

(Telegram.)

Wellington, 1st May, 1914.

EXCHANGE week-end messages between New Zealand, India, Burma, and Ceylon agreed to. Total rate eightpence halfpenny per word, with minimum of twenty words. New Zealand to receive halfpenny per word. Kindly notify when service can commence.

No. 54.

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

SIR,—

General Post Office, Wellington, 8th May, 1914.

I have the honour to acknowledge the receipt of your letter of the 29th ultimo, in reference to the revised conditions for the transmission of week-end cable messages.

I confirm my cable messages of the 25th ultimo and 1st instant, as under [see Nos. 50 and 53].

This Department will be glad to learn when the services to the above-mentioned places, and also to Germany, can commence.

I have, &c.,

W. R. MORRIS, Secretary.

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

No. 55.

The DIRECTOR-GENERAL, Posts and Telegraphs, Simla, to the Hon. the POSTMASTER-GENERAL, Wellington.

(Telegram.)

Simla, 14th May, 1914.

It is proposed introduce week-end cable-letter system between Australasia and India, including Burma. Indian terminal 11 centimes a word, and share of Administrations beyond India 77·125 centimes a word, with a minimum of twenty words. Charges in India 10 rupees 9 annas for twenty words or less, and 9 annas for each additional word. Messages will be subject to same rules as deferred. Delivery Tuesday; prefix TWT; messages to be dealt with telegraphically throughout. This Administration agrees, and would be glad if you will intimate whether you concur and date from which service may commence.

No. 56.

The SECRETARY, General Post Office, Wellington, to the DIRECTOR-GENERAL, Posts and Telegraphs, Simla.

(Telegram.)

Wellington, 14th May, 1914.

WEEK-END cable-letter system. New Zealand agrees exchange week-end cable letters with India and Burma as proposed; through rate to be 8½d. per word, including New Zealand terminal rate of ½d. per word. Minimum, twenty words. Messages subject same rules deferred. Delivery Tuesday. Messages to be telegraphed throughout; prefix TWT only to be used. New Zealand ready commence service whenever you desire.

No. 57.

The SECRETARY, General Post Office, Wellington, to the MANAGER IN AUSTRALASIA, Eastern Extension Company (at Wakapuaka).

(Telegram.)

Wellington, 14th May, 1914.

PLEASE see service from Director-General, India, regarding week-end service India, Burma, and my reply. I note Ceylon is not mentioned.

No. 58.

The MANAGER IN AUSTRALASIA, Eastern Extension Company (at Wakapuaka), to the SECRETARY, General Post Office, Wellington.

(Telegram.)

Wakapuaka, 15th May, 1914.

THANKS for information *re* week-ends. Omission Ceylon is apparently due to Commonwealth referring matter to Director-General, India, before replying company's offer *re* India, Burma, and Ceylon. Director-General only replied *re* India and Burma, as Ceylon is Crown colony.

No. 59.

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

(Telegram.)

Adelaide, 21st May, 1914.

COMMONWEALTH approves arrangement with India, Burma, and Ceylon, which comes into force from to-day.

No. 60.

The DIRECTOR-GENERAL, Posts and Telegraphs, Simla, to the Hon. the POSTMASTER-GENERAL, Wellington.

(Telegram.)

Simla, 21st May, 1914.

WEEK-END cable letters from India, Australia, Tasmania, and New Zealand are accepted from to-day.

No. 61.

The SECRETARY, General Post Office, Wellington, to the SUPERINTENDENT, Eastern Extension Company, Wakapuaka.

(Telegram.)

Wellington, 22nd May, 1914.

SEE message of yesterday signed "Manager, Eastern," announcing the Commonwealth's approval of arrangement for week-end cable service with India, Burma, and Ceylon. Whence is information derived that India includes Burma and Ceylon? Message from Director-General, Simla, of yesterday mentions only India. Glad of an early reply.

No. 62.

The SUPERINTENDENT, Eastern Extension Company, Wakapuaka, to the SECRETARY, General Post Office, Wellington.

(Telegram.)

Wakapuaka, 22nd May, 1914.

WEBSTER'S service, 29th ultimo, stated India, Burma, Ceylon, desirous exchanging welts [week-end letter telegrams] with New Zealand, which Secretary agreed to on 1st instant, and asking when to commence. We replied, "Waiting Commonwealth reply before commencing." Manager's service to Secretary yesterday, Commonwealth agreed. Am communicating with Mr. Webster, who is in Nelson.

No. 63.

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

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

SIR,— Adelaide, 28th May, 1914.

I have the honour to acknowledge receipt of your letter dated the 8th May, 1914, re week-end cable messages.

As per my telegram of the 21st instant, the Commonwealth agreed to the introduction of the week-end arrangement with India, Burma, and Ceylon from the 21st instant.

The Commonwealth has not yet agreed to exchange week-end messages with North and South Rhodesia, Nyassaland, and Germany. We will advise you as soon as we receive the Commonwealth's acceptance of the arrangement with these places.

I have, &c.,

E. H. DERRICK,

The Secretary, General Post Office, Wellington.

For Manager in Australasia.

ALL-RED ATLANTIC CABLE.

No. 64.

NEWSPAPER EXTRACT.

Melbourne, 21st June, 1913.

THE Chambers of Commerce Conference at Melbourne requested the Commonwealth Government to negotiate with the British, Canadian, and New Zealand Governments to jointly acquire the control of an Atlantic cable to reduce the present excessive rate for commercial cable messages.

CONTROL OF CABLE RATES.

No. 65.

The HON. the PRIME MINISTER to the HIGH COMMISSIONER.

SIR,—

General Post Office, Wellington, 1st October, 1913.

I have the honour to inform you that it has been reported to this Dominion by Press cable message that the Postmaster-General of the United Kingdom has stated that arrangements are being made to secure Government control of the cable rates through a landing license to be granted to the companies, and that Government will fix rates consonant with the companies' earnings. I should be glad if you would inquire as to the correctness of the report, and furnish any information which you can obtain.

I have, &c.,

R. HEATON RHODES,

For the Prime Minister.

The Hon. Thos. Mackenzie, F.R.G.S., High Commissioner for New Zealand, London.

No. 66.

The HIGH COMMISSIONER to the Hon. the PRIME MINISTER.

SIR,— Westminster Chambers, 13 Victoria Street, London S.W., 18th December, 1913.

Referring to your letter of the 1st October, I have the honour to state that, having made inquiry of the General Post Office here, I have received this day a letter from the Department (copy of which is enclosed herein) showing that arrangements are being made by His Majesty's Government to obtain control of cable rates, and giving draft of a clause to be inserted in licenses granted to cable companies by which such control is to be obtained.

The Hon. the Prime Minister, Wellington, New Zealand.

I have, &c.,

THOS. MACKENZIE.

Enclosure in No. 66.

The ASSISTANT SECRETARY, General Post Office, London, to the HIGH COMMISSIONER FOR NEW ZEALAND.

SIR,— General Post Office, London, 17th December, 1913.

With reference to your letter of the 9th instant [not printed], I am directed by the Postmaster-General to inform you that arrangements are being made by His Majesty's Government to obtain control of cable rates by means of a clause in the terms of the annexed draft, which it is proposed to insert in all fresh licenses granted to cable companies in respect of cables landed in the United Kingdom, as well as in all licenses renewing existing landing-rights for such cables.

This clause will be inserted in the new licenses, which are at present under consideration, for cables belonging to the Anglo-American, Western Union, Direct United States, Great Northern, and Direct Spanish Companies. A similar obligation has also been imposed upon the Eastern and Eastern Extension Telegraph Companies in licenses granted by several Colonial Governments for new cables between Gibraltar and Alexandria and between Suez and Hong Kong; and the obligation will be extended to other sections of the Eastern and associated companies' system as opportunity offers.

The High Commissioner for New Zealand.

I have, &c.,

E. W. FARNALL.

Sub-enclosure in Enclosure in No. 66.

DRAFT CLAUSE FOR CONTROL OF RATES.

(1.) THE company will from time to time furnish to the Postmaster-General, at his request, all such information as to their rates of charge for telegrams, the extent and conditions of their business, their income and expenditure, and their financial position as the Postmaster-General may from time to time require.

(2.) The Postmaster-General may at any time, by notice in writing delivered to the company, object to the rates of charge of the company, or any of them, on the ground that they are not just and reasonable in the interests of the public (whether in the United Kingdom or abroad).

(3.) If when any such objection has been made the Postmaster-General and the company are unable to agree as to the rates of charge which are the subject of the objection, the difference shall stand referred to the Railway and Canal Commission, which shall have power to fix such rates of charge as they may think fit; but the Commission shall fix the rates only after giving due and full consideration to the cost of maintenance, operation, and renewal of the cables, together with the capitalization and financial obligations of the company.

(4.) The company may at any time after an interval of twelve calendar months from the determination of such difference by the Railway and Canal Commission, by notice in writing delivered to the Postmaster-General, object to the rates of charge so fixed, or any of them, on the ground that they are unremunerative to the company, and that a higher rate or rates would be just and reasonable (due regard being had to the interests of the public).

(5.) If when any such objection as last aforesaid has been made the Postmaster-General and the company are unable to agree as aforesaid, the difference shall stand referred to the Railway and Canal Commission with the like consequences as aforesaid.

(6.) The provisions of the Telegraph (Arbitration) Act, 1909, shall apply to the determination of any such difference as is referred to in this clause.

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