

extension of traffic would follow, certainly not in proportion to the ratio of the decrease of cost, and the result would consequently be a loss to the Company. At the recent Convention at St. Petersburg it was the unanimous opinion of all Submarine Companies that the expansion of communication was very disappointing, and that at the existing rates the business was not remunerative.

It appears to the Company that the shortest route for the new cable would be the best, as requiring the least expenditure of capital, and therefore the most advantageous to the colonies.

There are two routes which in this view suggest themselves—the one going from Port Darwin and following the line of the present cable to Banjoewangie, and the other starting from North-West Cape, in Western Australia, and going to the same point. Whichever of these schemes may be adopted, the Company would propose to carry on the communications to Singapore by a cable laid direct between there and Banjoewangie, in place of taking the messages over the lines of the Java Government.

In case of the cable from Port Darwin to Singapore touching at Banjoewangie, the distance would be 2,151 miles, and its cost £540,000; in case of the cable going from North-West Cape, also touching at Banjoewangie, the distance would be 1,973 miles, costing about £500,000.

The Company would require a subsidy of 6 per cent. on the sums, according to whichever route may be adopted. This amount is necessary in order to pay the interest on the capital that would have to be raised in the open market. In addition to this, the Company would require a sum of 3 per cent. to be laid by as a reserve to meet any repairs that might be necessary to the cable, and also to provide a sum for replacing it as it may become worn out. This sum would have to be guaranteed for a term of 22 years, in which time it is calculated that if 3 per cent. on any sum is laid by annually and invested at 4 per cent. the original capital will be produced. The sums, therefore, required would be, if the cable went from Port Darwin, £48,600, or, if from North-West Cape, £45,000 per annum.

JOHN PENDER, Chairman,
Eastern Extension Australasia and China Telegraph Company.

No. 13.

The Hon. the PREMIER to the CHAIRMAN, Eastern Extension Australasia and China Telegraph Company (Limited).

SIR,— Colonial Secretary's Office, Wellington, 15th December, 1876.

I have the honor to acknowledge the receipt of your letter of 10th October, enclosing copy of a printed paper, issued by your Company, headed "Proposed Additional Telegraphic Communication between England and Australia."

2. Without consideration of your suggestions as to a duplication of cables, this Government agrees to the Agent-General for the colony attending a Conference of Agents-General in London. He will, however, be empowered to discuss the question only; and no decision of such a Conference will be binding upon the colony until it has been approved by the General Assembly.

3. Sir Julius Vogel will be instructed accordingly.

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

I have, &c.,
H. A. ATKINSON.

No. 14.

The Hon. the PREMIER to the AGENT-GENERAL.

SIR,— Colonial Secretary's Office, Wellington, 15th December, 1876.

Referring to my letter of November 17th, respecting telegraph cable communication between Australia and England, I have the honor to inform you that the Chairman of the Eastern Extension Australasia and China Telegraph Company has addressed to the Government a communication enclosing certain proposals, and suggesting that a Conference of Agents-General should be held in London to consider the question.

2. My former letter sufficiently authorized your taking part in such a Conference.

3. Mr. Pender has accordingly been informed that the Government agree to your attending; but that you will be "empowered to discuss the question only; and no decision of such a Conference will be binding upon the colony until it has been approved by the General Assembly."

Sir J. Vogel, K.C.M.G., &c.,
Agent-General for New Zealand, London.

I have, &c.,
H. A. ATKINSON.

No. 15.

The AGENT-GENERAL to the Hon. the PREMIER.

7, Westminster Chambers, Victoria Street, Westminster, S.W.,
13th January, 1877.

SIR,—

I have the honor to acknowledge the receipt of your letter of November 17th, 1876, in which, after informing me of certain circumstances which have occurred in connection with the proposed duplication of a part of the cable line of communication between Australia and Europe, you desire me to make inquiries on the subject, but to carefully guard myself from fixing on the Government any liability.

2. I will explain to you certain steps which I had already taken in connection with the subject before I received your letter.