

The Conference.

185. Do you hold full powers of attorney from your principals?—Yes, and I have always done so.

186. *Mr. Stuart.*] I should like to know why that contract was not carried out?—It was understood that the cable should be put down in a reasonable time—in three months—and it was nearly eighteen months before the three Governments agreed to do it. The instructions were so stringent that not a single concession could be granted, and one afternoon the conditions fell through, for the moment only. In the New Zealand Act, ratifying the agreement, Sir Julius Vogel inserted a clause authorizing the Government of that colony to consent to a cable direct from New Zealand, and on the following morning we saw for the first time, in the newspaper, that a contract had been signed for a separate cable to Australia from New Zealand with a different company. We were surprised to see this in the morning newspaper, having left Sir Julius Vogel overnight without receiving any intimation of it, and having been prepared to lay down the New Zealand cable separately ourselves.

187. But as I understand it, you entered into a memorandum of agreement to construct a certain line, subject to ratification by the Parliaments of the various colonies. That ratification was given, and yet the contract with the Company which you represented fell through?—Yes.

188. Well, I want to know why it fell through?—For this reason, that at the moment the whole of the money was provided for by a large combination of capitalists; but eighteen months afterwards, owing to complications in the money market in England, that money could not be supplied without certain concessions asked for from the representatives of the different Governments, that certain things were to be granted. Their instructions were not to grant them, and the agreement fell through.

189. Then do I understand that the contract which you made on behalf of your principals was what may be called a sort of sporting offer—that is to say, an offer to make a line provided all things remained the same with regard to the money market?—No; the money was provided for.

190. But there was nothing in your memorandum of agreement to limit the time to three months?—It was understood that the whole thing would be ratified in three months, and that I should have to go to England by the next mail.

191. But where several Governments had to be consulted in respect to the construction of a new line of telegraph, it does not appear, to me at all events, reasonable to expect that everything could be settled within three months?—Yes; this Parliament was in session, and it was expected to be done immediately; the Queensland Parliament was in session also, and Sir Julius Vogel left here with the understanding that it should be done at once.

192. Now I come to the object I have endeavoured to arrive at by these preliminary questions. You now offer to put down a certain cable for an annual subsidy of £50,000, with a limitation of 6s. a word for the tariff of messages. Is that an offer which would be subject to the approval of the various Colonial Parliaments, or is it an offer made in the same way as the last—an offer made with reference to the present cheap rate of money in England, which you might find it impossible to carry it out if money became dearer?—No, it is not.

193. You see on the last occasion you stated that you had full power to bind your principals, and yet when the different Parliaments had ratified the contract it fell through because the gentlemen who were parties to the agreement were no longer in a position to do what they had offered to do. I wish therefore to know whether this offer is subject to the same contingency, or whether it will stand any reverse in the money market?—Yes; I am prepared to sign a binding contract.

194. Was not that the case on the last occasion?—It was, but the contract was never signed.

195. Was not the agreement as binding upon you as the contract?—Yes, but the agreement was that it should be carried out quickly.

196. Well I want to know whether this offer is made to be carried out quickly?—Yes.

197. What is to be the limit of that quickness?—Within twelve months.

198. *Mr. McLean.*] Then you considered that the non-fulfilment of an agreement by the different Governments within eighteen months was unreasonable?—Yes.

199. *Mr. Stuart.*] We are to understand then that on the first occasion you considered three months a reasonable time, and that now you think twelve months reasonable?—Yes.

200. You ask a subsidy of £50,000 for this cable?—Yes.

201. Has it occurred to you that if the combined Governments pay you this subsidy, they would virtually suppress the other Company?—They would get their share.

202. But they would have to work against £50,000.—Yes.

203. *The Chairman.*] You said the Governments refused you a slight concession on the last contract, but you did not say what that concession was?—I am not quite sure of the exact concession asked for, it was merely an alteration of some of the terms of the agreement which was entered into.

204. Then you do not know whether it was a slight one or not?—I have always been given to understand that it was a very reasonable request; it was not a question of money at all; it was merely a question of landing cables.

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NOTE (on revision).—In answering the many questions put to me, I omitted to state that the Messrs. Siemens wished to be allowed to land the cable at Sourabaya, in Java, instead of Celebes, because no business was to be expected from the latter place, and asked the representatives to wait for a few days to allow of a telegram being sent to the Governments interested to allow this slight alteration. This, it was stated, was useless, as their instructions were to keep them to the exact agreement; consequently for the moment negotiations stopped, but when leaving the representatives on that afternoon the Messrs. Siemens told the representatives they were prepared to go on with the New Zealand cable, and so allow time to telegraph on.

I arrived in London twelve hours afterwards, when the Messrs. Siemens at once informed me that it was no fault of theirs; that it appeared to them that they had been made a sort of "buffer" between the Eastern Extension Company and the New Zealand representative. And Sir Daniel Cooper also told me he prevented the competing Company from seeing Sir Julius Vogel for a whole day at his private residence. However, it could not be prevented. The Messrs. Siemens knew nothing of this until the announcement was made in the morning papers, as the letters referred to yesterday had in some extraordinary way miscarried.—AUDLEY COOTE.

P.S.—Some copies of the old powers I then held are still in the possession of Mr. Jno. Robertson.—A. C.