

With regard to reduction of rates, the company intimate that they are prepared to reduce their tariff in consideration of an equivalent subsidy, with respect to which Mr. Knevitt, the company's agent here, has shown that, calculated on the past year's traffic, a reduction of one penny a word is equivalent to a loss of £1,000 per annum, or, in other words, that a reduction from 9s. 5d. a word (the company's present rate between Port Darwin and Europe, exclusive of Australian and New Zealand rates) to 7s. a word means a loss to the company of £29,000 a year; and it should be borne in mind that where the cost of a message under the reduced rate would still be considerable, no very great increase of business can be looked for as resulting from the proposed reduction.

This Government therefore consider that this is a question the consideration of which may be postponed till the more urgent matter of the duplication of cable is completed.

In view of the great importance to the whole of the colonies of securing a second cable, I would respectfully ask your early consideration of the Eastern Extension Telegraph Company's proposal, so that the question may be finally dealt with without further delay.

The Honorable the Chief Secretary, Victoria.

I have, &c.,
(Sd.) WILLIAM MORGAN.

No. 3.

REPORT OF A VISIT BY THE AGENTS-GENERAL FOR VICTORIA AND NEW ZEALAND TO MR. THORNTON, C.B., SECRETARY OF THE PUBLIC WORKS, RAILWAY, AND TELEGRAPH DEPARTMENT OF THE INDIA OFFICE, AND JOINT MEMORANDUM ON THE QUESTION OF BEST MODE OF DUPLICATING EXISTING LINE.

We visited Mr. Thornton, by appointment, having previously sent to him an introductory letter from the Colonial Office. We found him exceedingly willing to give us all the information which his office could afford. He explained to us that, under an Act of the Council of India, the Indian Government issued licenses to telegraph companies, subject to certain specified conditions. He further informed us that India was a party to the International Telegraph Convention, and bound by its regulations, with the practical application of which Colonel Champain was more particularly acquainted. At this stage, Colonel Champain, R.E., the officer in charge of the Government Indo-European Telegraph Department, joined us by Mr. Thornton's request conveyed to Colonel Champain during the interview. We pointed out the increased rate per word which, since the last Convention, the Eastern and Indo-European Company appeared to have received for the transmission of messages between India and Europe. In reply, we were told that this increase was sanctioned by, and settled at, the Convention. Generally, the position was thus explained to us. The Indian Government concur with the Convention in the opinion that it is not desirable to encourage rivalry in prices between competing companies, as it may lead to the competition being abolished and to the establishment of a monopoly. They think it preferable to stipulate for what they consider fair charges. As Australia was not represented at, and therefore no party to, the Convention, their rules do not apply beyond India; but, as between India and Europe, there are two companies, the Eastern and the Indo-European, and both of these are bound by the Convention rules. The Companies have also to comply with the conditions imposed by the Government. There seems to be no doubt that, even were the two companies to be willing to compete for Australian messages, the Indian department would not consent to their doing so by the reduction of their rates, unless both companies reduced equally. In short, the Government of India seems to adopt altogether the Convention policy of discouraging competition; but at the same time evinces a disposition to repress undue charges. There does not appear, however, to us, to be any adequate machinery by which undue rates can be altogether prevented. The companies virtually fix their own rates, and, when they agree, there does not seem to be much, if any, difficulty in the way of such rates being established. Possibly the Convention may take evidence as to traffic, income, business, and expenses, but we did not learn by what process of inquiry they were guided when fixing the rates. It is very probable that these triennial Conventions facilitate in some fashion international negotiations affecting the conditions of transmitting messages; but, in regard to finally fixing the rates, we doubt whether the Convention is the most suitable body to perform such a function. It may be that it prevents, or discourages from coming into play, a certain amount of competition which otherwise might lead to the conclusion that in the long run low cable rates would pay better than high ones. We were told by both Mr. Thornton and Colonel Champain that there would be no obstacle or objection whatever to the Australian and New Zealand Governments being represented at future Conventions; and we strongly recommend that they should be so represented, as it is obvious that any unrepresented interest on such an occasion is to some extent at the mercy of those to whom the actual making of the regulations is entrusted.

ARCHD. MICHIE,
JULIUS VOGEL.

1st June 1877.

Memorandum by the Agents-General of Victoria and New Zealand.

Following the interview which we jointly had with Mr. Thornton and Colonel Champain, at the Indian Office, and the report of the same which we prepared, and had the honor to transmit to our respective Governments, we have carefully considered and discussed the whole question of telegraphic communication with Australia and New Zealand; and we think it desirable to place upon record the conclusions at which we have arrived.

It is impossible to exaggerate the importance commercially, politically, and socially of maintaining telegraphic communication between Europe and Australasia (in which term we include New Zealand and Tasmania). Apart from the innumerable advantages which facilities for immediate communication afford not only to the colonies, but to all persons having any dealings with them, the rapidity of the progress of these communities will in a great measure be affected by the extent to which such facilities are promoted