

No. 25.

The Hon. the PREMIER to the AGENT-GENERAL.

(Memorandum)

Premier's Office, Wellington, 29th October, 1894.

I HAVE to acknowledge the receipt of your memorandum, of the 4th ultimo, covering an extract from the *Times* in reference to the proposed laying of a Pacific cable to Australia and New Zealand, and informing me that you have been advised that copies of the specifications for the cable have been sent to this Government from Canada.

Sir Westby B. Perceval, K.C.M.G., Agent-General.

R. J. SEDDON, Premier.

No. 26.

The CHAIRMAN, Eastern Extension Company, to the Hon. the POSTMASTER-GENERAL.

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

SIR,—

50, Old Broad Street, London, E.C., 26th October, 1894.

I have the honour to transmit to you, for the information of the Government of New Zealand, a copy of a letter that I have addressed to the Canadian Minister for Trade and Commerce in reference to his public invitation for tenders for a Pacific cable.

I have, &c.,

JOHN PENDER, Chairman.

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

Enclosure in No. 26.

The CHAIRMAN, Eastern Extension Company, to the MINISTER for TRADE and COMMERCE,
Ottawa.The Eastern Extension Australasia and China Telegraph Company (Limited),
Winchester House,

SIR,—

Old Broad Street, London, E.C., 19th October, 1894.

Referring to your advertisement inviting tenders for a Pacific cable between Canada and the Australasian Colonies, I have the honour to state that, although, in my opinion, a Pacific cable is not at present needed on commercial grounds, the existing Australasian service being more than equal to all requirements, yet, if the Governments interested consider such a line a necessity in the interests of the Empire, and are prepared to make a substantial contribution towards the cost of it, the cable companies over which I preside will be found quite ready to co-operate in the matter, and with their large experience, and many facilities, will be able to undertake the work on better terms than could be offered by any other company not so favourably situated. Moreover, a Pacific cable in combination with the existing service would form a triplicate line, whereas, if laid in opposition to the present system, it could not be considered an efficient service unless laid in duplicate.

It is easy enough to lay a cable in almost any ocean depth, but it is quite a different matter to efficiently maintain it, and before any contractor can form a reliable opinion on this point it is absolutely necessary that full information should be available as to the exact depths and nature of the sea-bed along the proposed route. This was the view adopted by the Colonial Conference in 1887, and indorsed by the recent Ottawa Conference when it passed the second of the five resolutions annexed to the General Conditions.

I am, of course, aware that many valuable soundings have been taken in various portions of the Pacific Ocean since 1887, and that important technical improvements have been effected in cable-laying, but nevertheless it would be running no slight risk to lay a Pacific cable without further knowledge than we at present possess, and any guarantee of maintenance that might be given would necessarily have to include a large sum for contingencies. It should also, I think, be clearly understood by the Governments concerned that a cable with a calculated speed of twelve words per minute, as required by the General Conditions, would in practice give an actual working-speed of little more than four words per minute, which for ordinary purposes would be quite useless. The cables most recently laid give a working-speed of twenty-five to thirty words per minute.

Having already stated my views in regard to the financial prospects of a Pacific cable, and shown that under the most favourable conditions it would be a financial failure unless largely subsidised, it is unnecessary for me to dwell upon that phase of the question now, beyond calling attention to the fallacy underlying Mr Siemens's estimate of revenue, viz.—that the greater the length of a cable the larger would be its receipts. This is so obviously inaccurate that it does not need any comment. Nor is the estimate given in the letter which Mr Sandford Fleming addressed to you on the 20th July last much more reliable, as he bases his figures on an average normal increase of traffic of 15 per cent. per annum, whereas the Australasian traffic for the current financial year shows a decrease in the number of words transmitted at the rate of nearly 12 per cent. compared with the last financial year, and an estimated loss of nearly £30,000. A falling-off is also noticeable in the New Zealand intercolonial traffic, although the tariff between Australia and New Zealand was reduced on the 1st January, 1893, from 8s. 6d. to 2s. per ten words. The revenue also shows a decrease at the rate of 59 per cent. for the current financial year as compared with the receipts before the reduction of tariff.

Consequently, with these disappointing results before us, and having at the express request of the Australasian Governments themselves raised the Australian tariff from 4s. to 4s. 9d. per word, I venture to submit that a further reduction to 3s. per word, as required by the General Conditions, is