

No. 49.

The AGENT-GENERAL to the Hon. the PREMIER.

Westminster Chambers, 13, Victoria Street,
London, S.W., 12th May, 1899.

SIR,—

Referring to my letter of the 3rd instant, I beg to enclose copy of a joint letter from the High Commissioner for Canada and the Agents-General for those colonies interested, to the Secretary of State for the Colonies, with respect to the form and extent of the assistance which the Imperial Government are prepared to give to the scheme for connecting Canada with the Australasian Colonies by direct submarine cable across the Pacific.

I have, &c.,

WALTER KENNAWAY, for the Agent-General.

The Hon. the Premier, Wellington.

Enclosure in No. 49.

The HIGH COMMISSIONER for CANADA and the AGENTS-GENERAL to the SECRETARY of STATE
for the COLONIES.Office of the High Commissioner for Canada, 17, Victoria Street,
London, S.W., 9th May, 1899.

SIR,—

We beg to acknowledge your letter of the 28th ultimo, in reference to the form and extent of the assistance which Her Majesty's Government are prepared to give to the scheme for connecting Canada with Australasia by direct submarine cable across the Pacific.

It has always been contemplated that the construction and operation of the cable would be under the joint control of the Mother-country and the colonies, and that there would be a joint ownership on some conditions to be agreed upon. Her Majesty's Government now appear, however, to have in view a departure from that principle, and we venture to express the hope that the matter may be further considered, as the proposals communicated to us are certainly open to the gravest objections so far as Canada and the Australasian Colonies interested are concerned.

You observe that in considering the question Her Majesty's Government have had regard to the report of the Committee of 1897; but in this connection we may be allowed to quote from the report of that Committee upon the question of the ownership of the proposed cable:—

"71. The Committee are of opinion that the cable should be owned and worked by the Governments interested.

"72. In arriving at this conclusion, they do not underrate the importance of allowing all commercial undertakings to be carried out, whenever possible, by private enterprise unassisted by Government. But in the present case there seems to be no probability that private capital will be forthcoming for the purpose of laying a Pacific cable without a larger subsidy than the Governments interested in the project would be prepared to grant.

"73. If Government assistance, in some form or other, is necessary, the Committee think that a scheme under which the cable would be constructed and owned by the Governments interested is much to be preferred to a private company working under a Government subsidy."

It will at once be seen that the proposal now submitted is very different in its nature from the course recommended by the Committee. What is suggested is that Canada and Australasia should construct and operate the cable, and that they should be responsible for raising the necessary funds. On the other hand, it is proposed that the Mother-country should simply contribute an annual subsidy for twenty years of five-eighths of any deficiency between the receipts and expenses, the amount of such contribution not, however, to exceed £20,000 in any one year.

In consideration of this offer Her Majesty's Government imposes conditions which will, in effect, give them the control of the undertaking. They stipulate among other things:—

(a.) That the cable is in accordance with a specification and samples to be approved by the Treasury, and to the satisfaction of an officer appointed by the Treasury for that purpose, constructed, submerged in proper working-order, and established with proper stations and offices at such places as the Treasury may approve, and effectually worked with a sufficient staff of proper and efficient operators, being British subjects.

(b.) That all rates charged to the general public, whether for messages to, from, or between intermediate stations, or for through messages between this country and Australia and New Zealand, are approved by the Treasury.

(c.) That messages of the Imperial Government are transmitted in priority to all other messages at rates not exceeding one-half of those charged to the general public.

(d.) That the accounts are to be subjected to the supervision of the Treasury.

In connection with the attitude now taken by Her Majesty's Government you point out that:—

1. Her Majesty's Government have never concealed their opinion that the construction of a Pacific cable is of greater importance to Australasia and Canada than to the United Kingdom; and that they would not have been disposed to recommend Parliament to aid it but for their desire to afford the support and assistance of the Mother-country to her great self-governing colonies in a project, the success of which cannot fail to promote Imperial unity.

2. That Her Majesty's Government consider the responsibility for constructing and working the cable should be borne by the Governments of Canada and Australasia, to whom any profits which may hereafter accrue from the undertaking would consequently fall.