

Board and to the Agent-General for Queensland. I also gathered that we were to confer with the High Commissioner for Canada, and possibly go on to discuss the question with the Colonial Office and the directors of the Eastern Extension Telegraph Company. The four Australasian Agents-General referred to discussed the matter, and on the 8th of this month had a meeting with the High Commissioner for Canada. The Agents-General for Victoria and Queensland and myself were quite clear that the proposals of the Telegraph Company, if accepted, would be fatal to the commercial success of the Pacific cable, and that they had probably been made with this object. The High Commissioner for Canada entirely concurred in this view, and it was agreed that a telegram giving our opinions should be sent to the Premier of Victoria and through him to yourself and the Premier for Queensland. The Agent-General for New South Wales declined to join with us in doing this, on the ground that some six weeks previously he had forwarded a letter from his Government to the Colonial Office asking for the opinion of the Imperial Government on the proposals of the Telegraph Company. He stated also that the Colonial Office had replied to this to the effect that, subject to certain unimportant provisos, it saw no objections to the proposals. I think I may say that this information from the Agent-General for New South Wales caused us some surprise.

The second meeting of the Pacific Cable Board took place on the 9th of this month. All the delegates were present except Lord Aberdeen. A number of communications were read from experts and officials as to the cost of the cable and the advantages of the route proposed. It would appear that since 1896, when the Imperial Commission sat, the Admiralty has taken a number of soundings between Vancouver, Fanning Island, and Norfolk Island. The result of this is reassuring. The bottom on which the cable will have to be laid is favourable, being of brown ooze, and fairly level. There are no remarkable chasms, and the greatest depth is slightly over 3,400, instead of being as deep as 4,000 fathoms, which was at one time suggested. It would seem that Fanning Island will make a very good landing-station. Another point elicited is that a French company has lately laid a cable across the Atlantic from Brest to Cape Cod, which is only 400 miles shorter than the longest link of the proposed Pacific cable. Since 1896, moreover, various savings in processes connected with the working of cables have been discovered, which will materially reduce the cost. As against this, there has been a sharp rise in copper and guttapercha, which will considerably increase the expensiveness of the materials. The main difficulty, however, which we will have to face is that large orders have been lately given for the manufacture of cables, so large as to absorb all the guttapercha in the market for some time to come. I have no doubt whatever that this is in part due to the Eastern Extension Company.

The Hon. the Premier, Wellington.

I have, &c.,

W. P. REEVES.

No. 144.

The Hon. the PREMIER, Sydney, to the Hon. the PREMIER, Wellington.

SIR,— Premier's Office, Sydney, New South Wales, 17th January, 1900.

I have the honour to transmit, for your perusal, a copy of a minute which has been written by my honourable colleague the Postmaster-General, relative to the proposals of the Eastern Extension Telegraph Company, (Limited).

I should be glad to be favoured with your Government's views before we come to a final decision; and, in view of the urgency of the matter, perhaps they could be telegraphed.

I have, &c.,

The Hon. the Premier, Wellington.

WILLIAM JOHN LYNE.

Enclosure in No. 144.

MINUTE.—*In re* Proposals of the Eastern Extension Telegraph Company (Limited).

IN regard to the present position of this matter, I think it expedient, in view of the recent Ministerial changes in some of the colonies, that the Victorian, Queensland, and New Zealand Governments should be communicated with to the following effect, namely: On the 25th of October, 1899, it was considered desirable by the Government of this colony to ask its Agent-General, by cable, to take the following action:—

“Wish you consult Mr. Chamberlain *re* proposals of Eastern Extension Company as bearing on prospects Pacific cable. Our contract with company expires 31st instant. We desire accept their proposals if Imperial Government see no objection, having in view prospects of Pacific cable. Company entirely waive renewal subsidy, £32,400, and guarantee against competition; and, in addition to providing cable all way to Glenelg, *via* Perth, agree at once reduce tariff to 4s. (present rate 4s. 9d.), Government rate 3s., Press rate 1s. 6d. per word, and make further reductions on sliding-scale as traffic increases. Sliding-scale as follows: ‘The amount now guaranteed by Australian Governments is £227,000, which with £123,000 for the estimated yearly expenses of the new Cape line, forms a minimum of £350,000, or £15,000 less than present actual receipts of associated companies. If receipts for years 1898, 1899, and 1900 average £350,000, the 4s. tariff would be reduced in 1901 to 3s. 6d. If they are maintained at £350,000 for the years 1899, 1900, and 1901, tariff would be reduced to 3s. in 1902. If average receipts maintained 1900, 1901, and 1902, tariff would be reduced in 1903 to half-a-crown a word. Receipts must average £350,000 for three consecutive years before the next reduction of 6d. per word is made.’