

Sub-enclosure in Enclosure 5 in No. 53.

The HIGH COMMISSIONER for CANADA to the UNDER-SECRETARY of STATE for the COLONIES.

SIR,—

17, Victoria Street, S.W., 26th January, 1901.

I beg to acknowledge your letter of the 23rd instant, respecting the reported acceptance by the Government of New South Wales of the proposals of the Eastern Extension Telegraph Company, and transmitting copy of a telegram received from the Officer Administering the Government of that colony on the subject.

Your further letter of the 25th instant, with a copy of Mr. Chamberlain's telegram to the Government of New South Wales dated the 8th instant, has also reached me.

I had no doubt that the action of the New South Wales Government would cause grave disappointment among the other partners in the Pacific cable scheme. After all the correspondence that has passed, it was never deemed possible that any one of the partners in the construction of the Pacific cable would enter into any agreement with a competing line without the consent and approval of Her Majesty's Government and the other colonies associated with them.

Sir Andrew Clarke, a few days ago, handed to me a copy of a telegram received by him from the Government of Victoria stating that, although they had agreed with the New South Wales Government recently to sign the agreement with the Eastern Extension Company, their action in the matter was the result of a misapprehension, and that they did not wish to proceed further or to do anything that could possibly be regarded as a breach of the terms on which the contributing parties had entered into the contract for the Pacific cable. At the same time, the telegram gave expression to the desire of the Government, should no objection be raised, to participate in the temporary advantages which the people of New South Wales would secure by the action of its Government.

I at once took the opportunity of cabling to Canada both the telegram received by Mr. Chamberlain from New South Wales and the effect of the telegram addressed to Sir Andrew Clarke by the Government of Victoria.

I have now to transmit, for the information of Mr. Chamberlain, the following telegram, which reached me to-day from Sir Wilfrid Laurier: "Canadian Government entered into Pacific cable partnership in full confidence no partner Government would alter conditions then existing to prejudice of scheme. Consider concessions asked for Eastern Extension would, if granted, materially alter conditions and seriously prejudice scheme. Canada certainly will be unwilling to continue its adherence if co-partners, without mutual consent, change basis on which partnership formed. Last Saturday received cable from Premier Victoria asking views and cabled reply to above effect."

I venture to believe that His Majesty's Government will use their best endeavours with New South Wales and with the Government of Victoria to bring about a reconsideration of the matter, in the hope that it may still be possible to avoid the consequence of the action of the former Government, which is certainly calculated to seriously prejudice both the construction and successful operation of the Pacific cable.

I am, &c.,

The Under-Secretary of State, Colonial Office, S.W.

STRATHCONA.

No. 54.

The MANAGER in AUSTRALASIA, Eastern Extension Company, Melbourne, to the SECRETARY, General Post Office, Wellington.

(Telegram.)

Melbourne, 4th February, 1901.

THE remaining sections—between Cornwall, Madeira, and St. Vincent—of the Eastern Telegraph Company's new direct cable to South Africa, which is to connect with the Eastern Extension Company's Cape-Australian cable, are now completed and open for traffic. The Telegraph Construction Company's steamer "Britannia" is to leave the Thames during the current month for Adelaide to lay the shore ends and intermediate cable of the Adelaide-Fremantle section of the Cape cable, and after the completion of this work she will proceed to the Pacific and start surveying the route for the all-British cable.

No. 55.

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

(Telegram.)

Brisbane, 6th February, 1901.

WE have received following telegram from our Agent-General:—"Pacific cable: Canada has given to Secretary of State notice consider concessions to Eastern Extension materially alter conditions, seriously prejudice scheme. Unwilling continue adherence if partners without mutual consent change basis on which partnership formed."

No. 56.

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

(Telegram.)

Wellington, 7th February, 1901.

PRESUMED you had kept copy of draft letter to Eastern Extension Company. Retained draft you sent and notified you personally approved on behalf New Zealand. If you have not copy will telegraph your original save time. Officially notify you approve.