

that route remain as before. Our uniform terminal rate of one penny for whole Commonwealth applies to Pacific only. This was made clear in all our messages. Cannot understand how any misunderstanding can have arisen. We do not admit that regulation applies to private enterprises such as Eastern Extension Company, which has not officially adhered to Convention.

No. 145.

The SECRETARY, General Post Office, Wellington, to the SECRETARY, Postmaster-General's Department, Melbourne.

(Telegram.)

Wellington, 7th May, 1902.

PRESS message this morning states that Commonwealth Postmaster-General now agreed charge same terminal rates on New Zealand messages passing over Eastern Extension and Pacific cables. If correct you will presently confirm. But, referring to yours of last night, it was not until after cable opened that we learned that you had intended not to apply reduced terminal rates to Eastern Company. Our rates then fixed. Your wire of 11th ultimo, which was first direct communication from you, did not indicate that Extension Company's traffic would not participate. My service of 29th advised you that Postmaster-General understood reduced terminal rates applied both routes. I added that if penny a word each State to be enforced on our messages Eastern cables, important you advise me forthwith. Not receiving reply, it was assumed old rates not being enforced. Postmaster-General trusts announcement this morning's paper correct.

No. 146.

The SECRETARY, Postmaster-General's Department, Melbourne, to the SECRETARY, General Post Office, Wellington.

(Telegram.)

Melbourne, 9th May, 1902.

YOUR wire 7th instant: Statement that Postmaster-General had agreed charge same terminal rates on New Zealand messages passing over Eastern Extension and Pacific cables is not correct. Our uniform penny rate for New Zealand business applies to that over Pacific cable only. Previous rate company's cable reduced by halfpenny in consequence of your reduced rate. Negotiations all through understood by us to refer to Pacific only. See ours of eleventh, twenty-second, twenty-fourth, and twenty-eighth. No decision yet arrived at as to onward business *via* Southport. Endeavouring to get rate of fivepence per word adopted for Victoria and Queensland, or for all States if I can.

No. 147.

The SECRETARY, General Post Office, Wellington, to the SECRETARY, Postmaster-General's Department, Melbourne.

(Telegram.)

Wellington, 12th May, 1902.

POSTMASTER-GENERAL much disappointed determination your office not to apply your uniform terminal rate to Australian-New Zealand messages *via* Extension, and exceedingly regrets that he should have to raise the rates *via* Extension to meet your demand for penny per State. Throughout the negotiations Sir Joseph Ward, in the absence of any specific statement by you that the uniform rate was not to be applied to the Extension cables, assumed that the public were to be given the benefit of the reduced rates by both routes. Mr. Reynolds, with whom the negotiations originated, in no way indicated that your proposals were not to have uniform application, and, as was known, he was against anything like "cutting." In your telegram of the 11th ultimo, urging our acceptance of your proposals, you said, "Hope your Minister will agree, and thus enable a low and uniform rate between Australia and New Zealand, instead of the existing differential rates *which otherwise must stand*." In the face of this we could scarcely assume that, after all, the reduced rates were to be restricted to the Pacific cable only. The increased rates *via* Extension come into operation to-morrow, our terminal rate, however, remaining at one halfpenny. I assume you will not debit us with the penny-per-State rates for the period from 24th ultimo to to-day.

No. 148.

The SECRETARY, General Post Office, Wellington, to the SECRETARY, Postmaster-General's Department, Melbourne.

(Telegram.)

Wellington, 12th May, 1902.

ANY decision international rates?

No. 149.

The SECRETARY, General Post Office, Wellington, to the SECRETARY, Postmaster-General's Department, Melbourne.

(Telegram.)

Wellington, 13th May, 1902.

POSTMASTER-GENERAL has deferred raising intercolonial rates *via* Extension to meet your terminal charges. Sir Joseph Ward now wishes to be definitely informed whether you can legally maintain your right to charge higher rates for Extension cables than *via* Pacific (*vide* paragraph four, article ten, and article seventeen and regulation twenty-seven, International Telegraph Conven-