

Enclosure in No. 136.

The ACTING-MANAGER in AUSTRALASIA, Eastern Extension Company, to the Hon. the
POSTMASTER-GENERAL, Victoria.

The Eastern Extension, Australasia, and China Telegraph Company (Limited),
Melbourne, 24th July, 1899.

SIR,—

Referring to the proposal made to your Government by this company in my interview with you on the 14th instant, I have the honour to confirm the same, with additional particulars supplied by my head office:—

“As public opinion in Victoria apparently favours an alternative cable *via* the Cape rather than the Pacific, and, according to the Chancellor of the Exchequer's admission, the company's Cape proposal was also preferred by the Imperial Government but fell through because Australia refused to assist it, we are willing to meet the difficulty by making the following liberal concessions—namely, we will entirely waive the renewal of the subsidy and guarantee against competition, and, in addition to providing a cable all the way to Glenelg, *via* Perth, will agree to at once reduce the tariff to 4s., and make further reductions on a sliding-scale as traffic increases. In return for the above, the company would only require the same privilege in Perth, Adelaide, and Melbourne as they have hitherto enjoyed in Great Britain, of directly delivering and collecting their international telegrams to and from the public.”

The privilege mentioned as enjoyed in Great Britain is that the companies pay the British Post Office £5 yearly per mile for each wire, and work both ends by their own operators, collecting and delivering traffic direct from the public. All telegrams to places other than those where the companies have offices are dealt with by the Post Office, who are paid their ordinary inland tariff.

I might mention that a rate based upon that stated above would bring in a revenue to your Government quite as much as that now derived from the international traffic, and the salaries of operators would be saved.

The first half of the all-British Cape-Australian cable—namely, between Great Britain and Cape Colony—is now being manufactured; and, if the company's terms are accepted, the whole line might be in working-order within two years.

I have, &c.,

The Hon. J. Gavan Duffy, M.L.A.,
Postmaster-General of Victoria, Melbourne.

J. EUSTON SQUIER,
Acting-Manager in Australasia.

No. 137.

The ACTING-MANAGER in AUSTRALASIA, Eastern Extension Company, Melbourne, to the Hon.
the POSTMASTER-GENERAL, Wellington.

The Eastern Extension, Australasia, and China Telegraph Company (Limited),
Melbourne, 8th August, 1899.

SIR,—

Referring to my communication dated the 27th ultimo, I have now the honour to submit for your information the details of the sliding-scale proposed by my company in connection with the Cape cable. The tariffs mentioned are to be uniform throughout Australia and Tasmania, the respective Governments still retaining their local transit and terminal rates.

Minimum Annual Revenue required by Associated Companies.

Present revenue guaranteed by the Australian Governments	... £227,000
Plus estimated yearly expenses of the new Cape line	... 123,000
	£350,000

The present receipts from the Australian traffic (taking the average of last three years) amount to £365,000, or £15,000 more than the minimum required. If the minimum revenue is maintained, the company offer a uniform half-crown tariff, on the following sliding-scale: If the tariff is reduced to 4s., the company will take the average receipts of the three years 1898, 1899, and 1900, and if the minimum of £350,000 is reached, the rate in 1901 will be reduced to 3s. 6d. If the average receipts of £350,000 are maintained in 1901 at the reduced rates, the tariff will be reduced in 1902 to 3s. If the average receipts be again maintained in 1902, the tariff will be reduced to 2s. 6d. in 1903. Should the average receipts not keep up to £350,000, any one of the above reductions would be postponed until the receipts averaged the standard figure of £350,000 for three consecutive years. The rate to South Africa will be reduced to 2s. per word, or thereabouts.

I have, &c.,

J. EUSTON SQUIER,
Acting-Manager in Australasia.

P.S.—When the ordinary rate is reduced to 4s. per word, the Government rate will be fixed at 3s., and the Press rate at 1s. 6d.

The Hon. the Postmaster-General, Wellington.

No. 138.

The Hon. the PREMIER, Wellington, to the ACTING-MANAGER in AUSTRALASIA, Eastern
Extension Company, Melbourne.

SIR,—

Premier's Office, Wellington, 22nd August, 1899.

I have the honour to acknowledge, with thanks, the receipt of your letter of the 27th ultimo, covering copy of a communication from yourself to the Postmaster-General of Victoria, regarding the terms on which a cable would be laid between Cape Colony and Australia.