

repairing ship problematical. Our experience favours Government owning repairing ship as against hiring. So far as I understand position, I am decidedly opposed to the pooling. Favour vigorous action Sydney and Melbourne, and separate offices and wires. Cost between £5,000 and £6,000 a year, as estimated by General Manager. This far more than covered by additional revenue. Pacific cable should be quite independent of Eastern Company, remembering factors which led to establishing State cable. Conference amendments Commonwealth agreement I hope will be agreed to. Should company refuse, then agreement should not, in my opinion, be proceeded with, and company required to close Melbourne office and give up direct wire. I think you should pool terminal rate, as proposed some time ago by Pacific Cable Board, you retaining twopence. As you know, the Commonwealth credits Pacific cable with only one and sevenpence a word on its ordinary international business, against one and elevenpence by New Zealand. Estimated that for period ended March last year there was a loss to State cable of nearly £11,000 on Commonwealth traffic. Should be glad to have your views.

[P.C. Rates 05/108.]

No. 39.

The CHAIRMAN, Pacific Cable Board, London, to the Right Hon. the PRIME MINISTER, Wellington.
(Telegram.) London, 30th September, 1905.

DOES New Zealand Government fully understand that addition of 160,000 words to Pacific traffic of 1904 only establishes the proportion for future divisions annually of total United Kingdom traffic, and that Pacific would, therefore, participate proportionately in growth of such traffic? Reply if possible before Tuesday, when Board meets to consider your answer.

[P.C. Rates 05/137.]

No. 40.

The SECRETARY, General Post Office, Wellington, to the SUPERINTENDENT, Pacific Cable Station, Doubtless Bay.

(Telegram.)

Wellington, 3rd October, 1905.

FOR Board, London: Understand basis practically means with 160,000 words added Pacific, two thirds Eastern, one-third Pacific, United Kingdom traffic during currency proposed term. Proportions 1904 traffic about seventy-three and half per cent. Eastern, twenty-six and half per cent. Pacific. United Kingdom traffic 1904 over 1903 shows increase Eastern less than three per cent., Pacific over eleven per cent. Proposed pooling inequitable and against Pacific. Active canvass Sydney, Melbourne, result further increase Pacific business.

[P.C. Rates 05/129.]

No. 41.

The SECRETARY OF STATE FOR THE COLONIES to His Excellency the GOVERNOR.

MY LORD,—

Downing Street, 22nd December, 1905.

With reference to my predecessor's despatch of the 3rd August last, forwarding the report of the Pacific Cable Conference, I have the honour to transmit to you, for the information of your Ministers, copies of telegraphic correspondence with the Governor-General of Australia, as noted in the margin, from which it will be seen that the Commonwealth Government have adopted the recommendations made in paragraphs 6 and 7 of the report.

I have, &c.

Governor the Right Hon. Lord Plunket, K.C.M.G., K.C.V.O., &c.,

ELGIN.

[P.C. Rates 06/24.]

Enclosure 1 in No. 41.

Governor-General Lord NORTHCOTE to Mr. LYTTELTON.

(Telegram.)

Received, Colonial Office, 6th December, 1905.

REFERRING to previous correspondence as to effecting arrangements for pooling between Pacific Cable Board and the Eastern Telegraph Company, Prime Minister states that as the company insists that any arrangements for pooling must be accompanied by condition that on its termination the old Australian Colonies' agreement shall revive, the Government have decided to recommend the Pacific Cable Board not to enter into any pooling arrangement. Government are advised that on the ratification of Commonwealth agreement in its present form the State agreements are superseded and cannot revive on its termination. Ministers are therefore resubmitting to the Senate the resolution for the ratification of the Commonwealth agreement which was postponed pending the decision of the late Conference.

Enclosure 2 in No. 41.

Mr. LYTTELTON to Governor-General Lord NORTHCOTE.

(Telegram.)

London, 8th December, 1905.

REFERRING to your telegram of the 6th December, Reuter reports agreement now ratified. Is this correct, and does agreement as ratified terminate unconditionally 31st October, 1913? Presume your Government will at once permit Pacific Cable Board open offices Melbourne and Sydney. By what date will the special wires between Melbourne, Sydney, and Southport absolutely necessary for such offices be handed over to Board? Telegraph reply immediately.