

EASTERN EXTENSION COMPANY'S CABLES.

No. 1.

The Right Hon. the SECRETARY OF STATE FOR THE COLONIES, to His Excellency the GOVERNOR.
MY LORD,—

Downing Street, 10th April, 1906.

With reference to my despatch No. 85, of the 22nd December last, I have the honour to transmit to you, to be laid before your Ministers, the accompanying copy of a letter from the Eastern Extension Australasia and China Telegraph Company (Limited) of the 24th ultimo, forwarding two letters recently addressed by the company to the Australian Government in regard to the conditional ratification by the Commonwealth Parliament of the agreement of the 8th June, 1903, between the Commonwealth Government and the company.

A copy is also enclosed of a letter of the 3rd instant on the subject from the Pacific Cable Board.

I have, &c.,

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

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Enclosure 1 in No. 1.

The GENERAL MANAGER, Eastern Extension Company, London, to the UNDER-SECRETARY OF STATE, Colonial Office.

SIR,— The Eastern Extension Australasia and China Telegraph Company (Limited),
Electra House, Moorgate, London, E.C., 24th March, 1906.

I am instructed by my board of directors to transmit to you, for the information of His Majesty's Government, the enclosed copies of two letters which my company recently addressed to the Australian Federal Government in reference to the Commonwealth's telegraphic communications.

I have, &c.,

F. E. HESSE,

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

General Manager.

Sub-enclosure 1 to Enclosure 1 in No. 1.

The GENERAL MANAGER, Eastern Extension Company, London, to the SECRETARY, Postmaster-General's Department, Melbourne.

SIR,— The Eastern Extension Australasia and China Telegraph Company (Limited),
Electra House, Finsbury Pavement, London, E.C., 23rd February, 1906.

I have the honour to inform you that the letter which you addressed to the company's manager in Australia on the 19th December last in reference to the conditional ratification by the Federal Parliament of the agreement made between the Commonwealth Government and the company, dated the 8th June, 1903, was duly forwarded by Mr. Warren to London, and that its contents, together with the official report of the parliamentary proceedings in connection therewith, have received my board's very careful consideration.

In reply, I am directed to point out that in requiring the company to enter into an agreement embodying the Senate's amendment it is proposed to seriously alter the existing position.

To the first part of the amendment—viz., "This agreement shall be in substitution for the two agreements and the provisional arrangement mentioned in the fourth recital to this agreement"—my board could not have any possible objection, seeing that it merely makes clear the intention of the contracting parties as expressed in the sixth recital of the Federal agreement.

The latter part of the amendment however—viz., "This agreement shall expire on the 31st day of December, 1915"—would substantially alter the agreement by determining it at the end of 1915; instead of it being left to continue after 1915 unless then terminated by two years' notice. The original document implied a continuing agreement unless at the expiration of ten years it were determined by formal notice, whereas the amended agreement would be an avowedly temporary provision for a limited period. In fact, it puts an end in definite terms to the company's position in all the capitals of Australia in 1915, and decides the question against the company now instead of waiting, as was intended, for the results of the experience of ten years' direct dealing with the public. These alterations completely change the situation contemplated by the parties to the agreement when it was drafted in 1903.

In considering this difference in the situation, it is to be remembered that when negotiating the agreement the company stipulated that it should continue for at least twenty years, and at one time the negotiations were nearly broken off on this point. Eventually, however, the company