

to its logical conclusion it would result in the Commonwealth having to render a terminal and transit service for nothing. The loss on the cable for the last three years has been as follows:—

	£
Year ended 31st March, 1911	48,210
Year ended 31st March, 1912	40,498
Year ended 31st March, 1913 (estimated)	23,000

and if, for the sake of argument, the business between New Zealand and Canada and New Zealand and the United Kingdom were through some special cause to increase to such an extent that that deficit would be wiped out, and that Australia would thus not have to make any contribution to a loss on the cable, it would then, according to Sir Henry's argument, not be entitled to make any charge for transit and terminal service, because it would not be entitled to derive from that source any amount which it was not paying out to the other partners in the cable—a position which only has to be stated in order to demonstrate its absurdity. The alternative which is suggested to get over this difficulty is hardly worth dealing with under these circumstances, but it is interesting to notice that in making his calculations Sir Henry has omitted to show that any amount is allocated out of the total charge of 3s. for transit across Canada. In setting out what amounts the partners received out of the 3s., Sir Henry states that Canada receives nil, because she provides no service, but in the original apportionment of the 3s. a sum of 3d. was shown for transit charges across Canada; and whether that amount is received by Canada, or by some other authority which provides the service, the position is the same in that respect as it is in Australia.

5. In view of all the circumstances, the Commonwealth Government is not prepared to vary its transit and terminal rate while the present charge to the public is maintained, but should lower charges to the public be decided upon the Commonwealth will be quite agreeable to reduce its charges proportionately.

JUSTINIAN OXENHAM, Secretary.

The Secretary, Department of External Affairs, Melbourne.

[P. & T. 11/68.]

No. 5.

The HIGH COMMISSIONER to the Right Hon. the PRIME MINISTER

(Telegram.)

London, 26th February, 1914.

TERMINAL rates, Pacific Cable Board, not yet settled. I carried motion of reduction message rate, but notice has been given to rescind.

No. 6.

The Right Hon. the PRIME MINISTER to the HIGH COMMISSIONER.

(Telegram.)

Wellington, 3rd March, 1914.

TERMINAL rates, Pacific cable: Your action securing motion reduction approved. Dominion urges prompt ratification. Strongly opposed rescinding.

No. 7.

The Right Hon. the PRIME MINISTER to the HIGH COMMISSIONER.

SIR,—

Prime Minister's Office, Wellington, 6th March, 1914.

I have the honour to acknowledge the receipt of your cable message of the 26th ultimo, as under [see No. 5], and to confirm the reply of the 3rd instant, as follows [see No. 6].

I have not your announcement of the resignation of the chairmanship by Sir Henry Primrose, but the resignation is announced in the Press telegrams. I am sorry if the Press telegrams relate the fact. At the same time it may be that the way to a reduction is made easier. I shall regret to have it confirmed that Sir Henry Primrose has resigned: he has done good work on the Board, and proved himself an able and careful administrator. But if the resignation is inevitable it is to be assumed that Sir Henry's successor will come to the Board with a knowledge and a conviction of present-day requirements.

I have, &c.,

R. HEATON RHODES,

For the Prime Minister.

The Hon. Thos. Mackenzie, F.R.G.S., High Commissioner for New Zealand, London.

No. 8.

The HIGH COMMISSIONER to the Right Hon. the PRIME MINISTER.

(Telegram.)

London, 23rd March, 1914.

PACIFIC Cable Board yesterday Sir Matthew Nathan moved rejection concession New Zealand terminal rates. Sir Henry Babington Smith, new Chairman, requested postponement, in order to enable him to consider matter.

No. 9.

The HIGH COMMISSIONER to the Right Hon. the PRIME MINISTER.

(Telegram.)

London, 8th April, 1914.

TERMINAL rates: At meeting of Pacific Cable Board yesterday majority was in favour of rescinding motion giving New Zealand concession. Recognizing this, I carried amendment that whole question of reduction of rates to be considered at future meeting. Told Board rejection concession New Zealand might change her attitude of friendliness towards the Board.