

Enclosures.

SIR,—

Queen Anne's Chambers, S.W., 27th November, 1912.

I have the honour to acquaint you, for the information of the Lords Commissioners of His Majesty's Treasury, that the Postmaster-General of New Zealand has recently drawn attention to the inequality of the terminal rates charged on Pacific-cable traffic in Australia and New Zealand respectively, and has asked that "the matter may be looked into with a view to determining whether some concession cannot be made to the New Zealand public."

The question thus raised is not a new one. It was discussed with considerable animation at the time when the Pacific cable was first opened for traffic in 1902-3, both by this Board and by the several Governments interested in the cable; and it was also considered by the Pacific Cable Conference which sat in 1905 under the presidency of Mr. Secretary Lyttelton. Now that it has been revived, my Board feel that, while it may constitute a legitimate subject of discussion between the Governments interested in the cable, it does not lie with us to do more than to invite their attention to the views expressed by the New Zealand Government, and to offer such assistance as we can towards the consideration of them by recalling the facts and past history of the question, and by indicating such solutions of it as appear to us to be deserving of examination.

I have accordingly been authorized to forward to you copies of a memorandum which has been drawn up with this latter object, and to suggest that, should their Lordships be so pleased, they should move the Secretary of State for the Colonies to communicate it to the Governments of Canada, Australia, and New Zealand, with such expression of opinion on the subject as may commend itself to His Majesty's Government.

I have, &c.,

The Secretary, His Majesty's Treasury, Whitehall.

W. H. PRIMROSE, Chairman.

AUSTRALIAN TERMINAL RATES.

1. In May last our Manager in the Pacific received from the Secretary to the New Zealand Post Office the letter of which the following is a copy:—

"International Cable Messages."

SIR,—

General Post Office, Wellington, 7th May, 1912.

"I have the honour to inform you that the Hon. Mr. Ell, Postmaster-General, has been looking into the question of terminal rates, and is not at all satisfied that the charge for cable messages to and from New Zealand should be the same as to and from Australia, seeing that the Commonwealth Government receives a terminal rate of 5d., while New Zealand receives 1d. only. I am therefore directed to ask that the matter be looked into, with a view to determining whether some concession cannot be made to the New Zealand public. I should be obliged if you would favour me with any information you have on the subject."

I am, &c.,

"The Manager in the Pacific, Pacific Cable Board."

"D. ROBERTSON, Secretary."

2. He replied that the matter was one with which he had neither the authority nor the requisite information to enable him to deal, but that he would refer it to the Board. He accordingly did so, but consideration of the subject has been deferred in consequence of the vacancy in the New Zealand representation on the Board. Now that the Board is again complete it becomes necessary to give it our attention.

3. The question raised by the New Zealand Government is a highly important one. But clearly, also, it is one upon which the Board cannot itself adjudicate. It lies outside our province, and the most that we can properly do is to submit it for the consideration of the four Governments interested in the cable. It is for them to decide what, if anything, should be done in pursuance of the views of the New Zealand partner; and our intervention must be limited to presenting the case to them in a convenient form. In this way I think we can be of use to them, because we are intimately acquainted with all the facts and the past history of the question, and are also in a position that gives us special advantages for indicating the various alternative courses that might be followed if it should be held that existing arrangements call for readjustment. It is from this point of view that I have drawn up this statement, which I now submit for the consideration of the Board. If found acceptable, it might serve later for the purpose of making the several Governments acquainted with the main features and bearings of the case put forward for consideration by the New Zealand Government.

4. The facts are briefly as follows. Limiting ourselves to the rate on ordinary traffic (which is the basis for all other rates), the several Governments interested in the Pacific cable receive out of the 3s. per word through-rate the following amounts in respect of the inland service in each State:—

United Kingdom (either directly or indirectly)	..	..	..	½d. per word.
Australia	..	..	..	5d. "
New Zealand	..	..	..	1d. "
Canada (telegraphs not being a State service)	..	..	..	Nil.

5. In the United Kingdom the ½d. is only directly charged when a message is sent over the Postal wires. But inasmuch as the cable companies pay a rent for their private wires, it may perhaps be assumed that the British P.O. does not receive in revenue about ½d. per word on all Pacific-cable traffic, or the same amount as is charged on any inland telegram. Similarly, in New Zealand the Government receives on such traffic the same amount as it does on "urgent inland messages" (though its rate on ordinary messages is only ½d.). But in Australia our traffic is charged 5d. per word, although their ordinary inland rate is only 1d. per word, with a differential rate of 2d. per word on urgent messages. Thus, while the United Kingdom, Canada, and New Zealand may be said to extend to our traffic "most favoured nation" treatment, Australia penalizes it heavily. The position is certainly anomalous, and the anomaly becomes all the more conspicuous if we consider what happens at the