

Enclosure No. 3.

CONDITIONS of a Provisional Concession, applied for to the Government of Netherlands-India, of an exclusive right, for thirty years, to lay Submarine Electric Telegraph Cables to connect by Telegraph the Netherlands-Indian Possessions, on the one hand, with the system of Telegraphs in Europe, and, on the other hand, with the system of Telegraphs in the Australian Colonies.

Article 1.—The Government of Netherlands-India concedes to Alexander Fraser, landed proprietor in Java, and his heirs and successors, the exclusive right, for a period of thirty years from date of this contract, of laying submarine electric telegraph cables within the territories of Netherlands-India, for the purpose of connecting the Netherlands-India possessions with the system of telegraphs in Europe on the one hand, and with the system of telegraphs in Australia on the other.

Article 2.—The Government of Netherlands-India binds itself to pay to the concessionaire, annually, for the above term of thirty years, a subsidy of 200,000*fl.*, and that by quarterly instalments at Batavia, on 31st March, 30th June, 30th September, and 31st December of each year; the first payment to begin at either of the terms before mentioned happening after the cables specified in Article 4, hereunder, have been successfully laid, and that on the conditions hereafter specified.

Article 3.—The concessionaire binds himself, within three years from date of this contract, that—

- (a.) The present terminus to the system of telegraphs in connection with Europe shall be extended to Malacca and Singapore in the Malay Peninsula.
- (b.) The present terminus of the Australian system of telegraphs shall be extended through Queensland to Burke Town, in the Gulf of Carpentaria.

Article 4.—That, simultaneously with the extension referred to in Article 3, the following submarine cables shall be laid by the concessionaire:—

- (a.) Between Malacca, on the Malay Peninsula, and Siak, on the Island of Sumatra, comprising a distance of about 100 English miles, with a station at Bangkalis, about 40 miles from Malacca, and 60 miles from Siak.
- (b.) Between Pampang Bay, on the East Coast of Java, about 15 miles from Banjoewangie to Poeloe Semaauw, close to Timor Koepang, a distance of about 552 miles, and thence to Burke Town, in the Gulf of Carpentaria, a distance of about 1,448 miles, or some other more convenient point on the North coast of Australia, to be afterwards indicated.

Article 5.—That the submarine cables to be laid shall be of the most improved construction, equal in all respects to those which have been successfully laid by the Telegraph Construction and Maintenance Company, for the transatlantic lines between England and America.

Article 6.—The concessionaire to be at liberty to make any further agreements with the British or Australian Governments for additional subsidy or otherwise, without in any way altering or affecting the terms of this contract.

Article 7.—In event of interruption to the telegraphic communication through the cables above referred to, from *force majeure*, or other causes beyond control of the concessionaire, and not exceeding ten days each time, the subsidy shall not be withdrawn, but the concessionaire shall be bound to repair the cable so broken with all possible dispatch, and to adopt for this purpose the usual precautionary measures; and a period of thirty days shall be allowed to him in every year for repairs, without any deduction from payments in subsidy or otherwise.

Article 8.—The Government of N. I. binds itself that, simultaneously with the laying of the submarine cables specified in Article 4, the land lines at present in course of construction through Sumatra shall be completed to Siak, with the necessary submarine cable connections between Java and Sumatra; and for more effectually meeting the increasing traffic which may be expected in messages between Europe and Australia, the Government further binds itself, simultaneously with the laying of the submarine cables referred to in Article 4, or as soon thereafter as possible, to construct a special line of wires between Siak and Pampang Bay, to be used exclusively for transmission of messages to and from Australia.

Article 9.—The tariff for payment on all messages, whether Government or private, and whether in transit through or for places in N. I., to be regulated by the concessionaire, under approval of the Government. In the event of the net profits of the traffic so regulated by tariff exceeding 20 per cent., and after a reasonable allowance for contribution to renewal fund, the tariff on messages to be reduced in proportion. The charge for the transmission of a through message on the land lines of the N.I. Government not to exceed 3*fl.* for each message containing no more than twenty words.

Article 10.—The messages of the Government of the Netherlands and of N. I. to have the preference for transmission by the cables before referred to over all private messages, and to be transmitted *pari passu* with messages of the British and British-Colonial Governments, and in like manner the messages of the British and British-Colonial Governments shall have the preference for transmission over all private messages through the land-lines in N. I., and shall be transmitted *pari passu* with messages of the Government of the Netherlands and N. I.

Article 11.—The Government of N. I. to have the right of purchasing and assuming sole possession of the cables referred to in Article 4, and of everything belonging to the same, inclusive of the reserve fund for renewal of the line, three years after the same shall have been completed, on one year's previous notice being given of its intention of doing so, at a price equivalent to thirty years' purchase of the net average earnings of the three years immediately preceding the date of purchase of the lines, and that whether the earnings arise from subsidy or other sources after payment of all costs of maintenance and working expenses, and of the sums reserved for the renewal fund; but the concessionaire is not to be compelled to sell the line for less than its total cost.

Article 12.—In event of the right of purchase referred to in the article immediately preceding being exercised by the Government of N. I., said Government shall be obliged always to maintain telegraphic communication on the lines so bought up, and to take over all the concessionaire's engagements with Foreign Governments, except in case of war with a European power, and in this case the principle adopted in Articles 9 and 10 for regulating the tariff for transmission of messages shall continue in force.