

1873.

NEW ZEALAND.

ELECTRIC TELEGRAPH CABLES.

Presented to both Houses of the General Assembly by command of His Excellency.

The Hon. J. VOGEL and Hon. W. H. REYNOLDS to the Hon. the PREMIER.

SIR,—

Sydney, N.S.W., 3rd March, 1873.

We have the honor to enclose one of the signed copies of an agreement which has been entered into here between the representatives of New South Wales and Queensland at the late Conference and ourselves, for the construction and laying down of a telegraph cable between New Zealand and New South Wales, and one between Normantown, in Queensland, and Singapore. The agreement is subject to the approval of the Government and of the Parliament of New Zealand.

In entering into this agreement, we were influenced by the following considerations:—New Zealand cannot afford to be left outside the reach of telegraphic communication with the rest of the world. The terms of the agreement appear to us to be more advantageous to New Zealand than any which could be obtained if the Colony arranged for only a line connecting with Australia. The various offers for such a cable already made to New Zealand have involved an annual payment of at least £20,000 as guarantee, whilst the most that could be paid under the agreement is a third of £50,000. Each of the offers has involved the condition that, before any portion of the receipts should be applied in reduction of the guarantee, a sum should be set apart for working expenses, and for renewal and repairs. In some offers, the term “net profit” is used; and in one it was candidly admitted that £25,000 would be required to be set apart before the amount of the guarantee could be reduced. By the arrangement personally entered into by the three Colonies, the whole of the receipts on both lines in excess of £12,000 are to pass in reduction of the guarantee. By it New Zealand secures, not only connection with New South Wales, but with Great Britain, by a line entirely distinct from the present line.

The agreement provides for a rate of £2 7s. for twenty words to Singapore, as against £4 19s. by the existing line. As, in connection with England, there will also be a line between Singapore and London, distinct from that now being worked, it is reasonable to suppose that reduced rates from Singapore will be secured. In fact, while a reduction of nearly 30 per cent. on the cost of the through message to London will be secured between these Colonies and Singapore, it is likely that a large reduction will also be the effect of the competition which will arise through the opening of a second line between London and Singapore. It will be explained herein that, in connection with the proposed arrangement, a second through line between Singapore and London will be completed.

The rates between New Zealand and Australia, as provided for by the agreement, are, we think, very favourable. The cable will be 1,300 miles in length; and a comparison with the charges made on several of the existing lines will prove the reasonableness of that to be made between the two Colonies—namely, 15s. for twenty words. The charge between Port Darwin and Batavia, 1,186 miles, is £2 14s.; Batavia to Singapore, 505 miles, £1 1s.; Singapore to Penang, 405 miles, 16s.; Penang to Madras, 1,409 miles, £1 10s.; Bombay to Aden, 1,819 miles, £2; Aden to Suez, 1,462 miles, £2; Alexandria to Malta, 924 miles, £1; Hongkong to Shanghai, 800 miles, £1 5s.; Singapore to Hongkong, 1,400 miles, £2 10s. In fact, the only existing cable charge, so far as we are informed, with which that proposed in the agreement does not compare most favourably, is Malta to Gibraltar, 1,120 miles, 10s.

It may be asked, what prospects are there of the agreement being carried out? The sum of £1,000,000, upon which it is proposed the three Colonies shall give a guarantee of 5 per cent., will, as you will readily understand, not be sufficient to cover the cost of two cables, one from 1,300 to 1,400, and the other nearly 3,000 miles in length. But the agreement was come to between the representatives of the three Colonies, with the conviction that the business which the line from New Zealand to Singapore would bring to the new line to Singapore would be sufficient to induce those interested in the latter to take up the construction of the two proposed cables, without having a guarantee upon the whole of the required capital. The persons who are acting with Messrs. Siemens Brothers have obtained a concession for constructing a line from the Tennasserim frontier of British India, at Tevoi, to Singapore—or, rather, along so much of the route as passes through the Kingdom of Siam; and a conditional contract has been entered into with Messrs. Siemens Brothers to construct the line from the frontier to Singapore. The Indian Government will extend their line from Moulmien to Tevoi; and then, by means of the Indo-European line, the route will be completed from Singapore to England. This route, unlike the existing one in connection with South Australia, will, for nearly the whole distance, be by land.

We found that Messrs. Siemens Brothers, and the other gentlemen interested in the proposed through line to Singapore, had empowered Mr. Audley Coote to make arrangements on their behalf. He produced to the representatives of the three Colonies original contracts and powers of attorney,

showing not only that extensive powers were confided to him, but that, conditional on an arrangement being made for a through line to Australia, a contract was concluded for £150,000 for the completion of the line to Singapore. It is true, Mr. Coote's instructions did not empower him to make so liberal an offer as the representatives of the three Colonies desired; but they saw in Mr. Coote's authorities evidence of the anxiety of his principals to make arrangements, and they (the representatives) decided to fix the terms themselves, and to show them to Mr. Coote, leaving him, if he thought proper, to telegraph them to London. This Mr. Coote did; and Messrs. Siemens Brothers telegraphed back their willingness to accept the terms, though they recognized that the guarantee would only equal 3 per cent. on the capital required.

Subsequently, Mr. Coote formally embodied in a letter an offer to construct and lay the cables upon the terms which the representatives of the three governments had approved. A similar letter was addressed to the Government of New South Wales and to the Government of Queensland.

We are under the impression that the terms will be received in New Zealand with great satisfaction; but we wish it to be clearly understood that we have not bound either the Government or the Parliament of the Colony to accept the agreement. It will be observed that Mr. Coote shows himself fully cognizant of this in the letter embodying his offer.

The New South Wales Government have intimated their approval of the agreement between the representatives of the three Colonies.

In conclusion, we may express the opinion that, whether or not the proposal is carried out, the fact that the representatives of the three Colonies have been able to come to an understanding on so large and important a subject, is a matter for congratulation.

We have, &c.,

JULIUS VOGEL.

WILLIAM H. REYNOLDS.

The Hon. the Premier, New Zealand.

Enclosure 1.

AGREEMENT signed by the REPRESENTATIVES of the THREE COLONIES.

THE following conditions for the construction of a telegraph cable between New Zealand and New South Wales, and one between Normantown, in Queensland, and Singapore, are those which the representatives of New South Wales, New Zealand, and Queensland agree to recommend their Governments to submit for the approval of their respective Parliaments:—

1. The three Colonies shall jointly enter into an arrangement for the construction of an electric cable, to be laid between some point in New Zealand and some point in New South Wales, and also a cable to be laid from Normantown, in Queensland, to Singapore: the latter to be a through cable, touching only at such points as may be agreed on, and to be entirely distinct, the whole distance, from the line between Port Darwin and Singapore.

2. The arrangement to be for a guarantee of 5 per cent. for a term not exceeding thirty-five years, upon a sum not exceeding £1,000,000 for the cost of the two lines.

3. £12,000 per annum to be allowed to cover, in full, all expenses. All receipts above £12,000 to pass in reduction of the guarantee. The contractors to retain receipts in excess of the guarantee; but, if the profits are more than 10 per cent., the Governments may require that the rates shall be lowered to amounts calculated to reduce the profits to 10 per cent.

4. The guarantee to be paid only whilst the lines are in working order: Provided that four weeks in each year will be allowed for repairs. If the New Zealand line only be in order, one-third of the guarantee to be paid; if the Singapore line only be in order, two-thirds of the guarantee to be paid. If the lines are not kept in order with due diligence, or if communication should permanently fail, the guarantee to cease.

5. The two lines to be commenced and constructed simultaneously.

6. The cost per message of twenty words, from New Zealand to New South Wales, not to exceed 15s., the charge for each word above twenty being 9d.; and the cost per twenty words from Normantown to Singapore not to exceed 40s. for the first two years, and 35s. afterwards, the charge for each word above twenty being 2s.

7. Queensland to undertake to keep the land line to Normantown open for the use of the other contributing Colonies, at rates not to exceed, at any time, 7s. for twenty words.

8. The three Governments to act in unison, and to jointly arrange the details.

9. This agreement, after being approved of by the respective Governments, to be subject to ratification by the respective Parliaments; and the details to be arranged in London by representatives appointed by the three Colonies.

10. The Governments will require to be satisfied that the contractors have made proper provision for the use of a through line of communication between Singapore and London.

HENRY PARKES.

SAUL SAMUEL.

JULIUS VOGEL.

WILLIAM H. REYNOLDS.

A. H. PALMER.

J. M. THOMPSON.

Sydney, 14th February, 1873.

Enclosure 2.

MEMORANDUM of AGREEMENTS, POWERS, CONTRACTS, and LETTERS of INSTRUCTION to AUDLEY COOTE.

1. A contract entered into between Messrs. Siemens Brothers, Telegraph Engineers and Contractors, of the one part, and Baron Julius Reuter, Managing Director of Reuter's Telegram Company, &c., &c., Henry Weaver Esq., Managing Director of the Atlantic Cable Company and the French

Atlantic Cable Company, &c., &c., and William Henry Barlow, Esq., C.E., a member of the Council of the Institute of Civil Engineers, and Director of the Indo-European Telegraph Company, &c., &c., three of the Directors of the Indo-Australian Telegraph Company (Limited), of the other part, for the laying of a Submarine Telegraph Cable to connect England with Australia and New Zealand.

2. A contract entered into between Messrs. Siemens Brothers, of the one part, and the before-mentioned Syndicate, as Directors of the Indo-Australian Telegraph Company (Limited), of the other part, for the land lines from Singapore to the frontier of the British possessions in India, and connect with the land lines of the Indian Government, for £150,000.

3. An agreement in which the before-mentioned Syndicate co-operate and combine together to establish direct communication with Australia and New Zealand, and agreeing with Messrs. Siemens Brothers as the contractors, and authorizes Audley Coote to negotiate on behalf of all parties.

4. A power of attorney from all parties before named to Audley Coote.

5. Letter of instruction authorizing Audley Coote to accept five per cent. from the time the cable is laid.

6. Resolutions passed at a meeting of the Board of Directors of the Indo-European Telegraph Company, stating they are prepared to enter into arrangements on the most favourable terms, and signed by the Managing Director.

Enclosure 3.

Mr. AUDLEY COOTE to the Hon. J. VOGEL.

SIR,—

Petty's Hotel, 28th February, 1873.

Referring to our conversation of yesterday, and to the powers I hold, also to the gentlemen with whom I am associated for the purpose of constructing and laying a Submarine Telegraph Cable to connect England with Australia and New Zealand, I have now the honor to inform you, those gentlemen are quite prepared to take that responsibility, upon the terms named at the Conference. I have now the honor to give you a list of their names, &c., &c. :—

The Hon. Robert Grimston, Chairman of the Indo-European Telegraph Company; also a Director of several other Telegraph Companies.

Henry Weaver, Esq., Managing Director of the Atlantic Cable Company; also, the French Atlantic Cable Company; and a Director of the Indo-European Telegraph Company.

Henry Barlow, Esq., C.E., a member of the Council of the Institute of Civil Engineers, and Official Director of the Indo-European Telegraph Company.

Baron Julius Reuter, Managing Director of Reuter's Telegram Company, one of the most successful of Telegraph Companies.

George Von Channin, Esq., Director of the Indo-European Telegraph Company.

George Borlase Tremeneheere, Esq., Director of the Indo-European Telegraph Company.

William Andrews, Esq., General Manager of the Indo-European Telegraph Company.

Seymour Clarke, Esq., late General Manager of the Great Northern and Great Western Railway Companies.

Messrs. Siemens Brothers, Telegraph Cable Contractors, London and Berlin.

Messrs. Wilson, Bristows and Carpmal, Solicitors, 1, Copthall Buildings, London.

Messrs. Davies and Son, Solicitors, of Copthall Court, London.

The cables will be worked in connection with the land lines of the Government of India and the Indo-European Telegraph Company. I may be permitted to add, no other Company could give the same facility for direct communication with England without having a third cable between Singapore and Moulmein or Madras, at an extra cost of £500,000, without they were allowed to work in connection with the Port Darwin Cable Company.

In conclusion, I may be permitted to add, by the Governments having a company of so influential a character to deal with, they are guaranteed the completion of the cables and the satisfactory working of the whole line.

The Hon. J. Vogel, C.M.G.,
Postmaster-General, New Zealand, &c.

I have, &c.,
AUDLEY COOTE.

Enclosure 4.

CABLEGRAM from Mr. AUDLEY COOTE to MESSRS. SIEMENS BROTHERS.

DELEGATES from New Zealand, Queensland, and New South Wales, recommend their Governments to guarantee fixed sum equal to 5 per cent. upon £1,000,000 for thirty-five years, for cables from Sydney to New Zealand, Normantown to Singapore, touching at Maccassar; four weeks allowed for repairs per annum. Proposed tariff, Sydney to New Zealand, 15s.; Normantown, Singapore, £2, twenty words; £12,000 per annum allowed for working expenses, receipts over that to reduce guarantee. All details to be arranged in London. This is final offer subject to ratification of Parliament. Reply, and repeat the conditions you agree to; four other offers, but can secure it on these terms only. Inform Wilson, Bristows; Conference breaking up.

AUDLEY COOTE.

CABLEGRAM from MESSRS. SIEMENS BROTHERS to Mr. AUDLEY COOTE.

London, eighteenth, six twelve.

WE accept terms, namely, guarantee fixed sum equal 5 per cent. upon £1,000,000 for thirty-five years, for cables Sydney to New Zealand, Normantown to Singapore, touching at Macassar. We have responsibility of forming company to raise necessary capital; four weeks allowed for repairs per annum. Proposed tariff, Sydney New Zealand, 15s.; Normantown Singapore, £2, twenty words. £12,000 per

annum allowed working expenses, receipts of that to reduce guarantee. All details to be arranged in London. Five per cent. on £1,000,000 will write only equal 3 per cent. on capital required: you should therefore endeavour to get increase.

SIEMENS BROTHERS.

Enclosure 5.

Mr. AUDLEY COOTE to the Hon. J. VOGEL.

SIR,—

Sydney, 3rd March, 1873.

I have the honor to state, on behalf of the Indo-Australian Telegraph Company, and Messrs. Siemens Brothers, telegraph contractors of London and Berlin, that they are prepared to contract with the Governments of New South Wales, New Zealand, and Queensland, for the construction and laying of a cable between New South Wales and New Zealand, and between Normantown, in Queensland, and Singapore, on the terms which, I am given to understand, the representatives at the late Conference of the Governments of the three Colonies are willing to recommend to their Governments for submission to their respective Parliaments.

The three Governments, namely, New South Wales, New Zealand, and Queensland, to guarantee 5 per cent. on the sum of £1,000,000, for thirty-five years, for a cable between New Zealand and New South Wales, and for one between Normantown, in Queensland, and Singapore; the cable to be a through cable, touching only at such points as may be agreed on, and to be entirely distinct the whole distance from the line between Port Darwin and Singapore. The point of landing in Normantown to be approved of by the Government of Queensland; the point of landing in New South Wales to be approved of by the Government of New South Wales; and the point of landing in New Zealand to be approved of by the Government of New Zealand.

The guarantee to be paid only whilst the lines are in working order, provided that four weeks in each year will be allowed for repairs.

If the New Zealand line only be in order, one-third of the guarantee to be paid; if the Singapore line only be in working order, two-thirds of the guarantee to be paid.

The cables to be used to be approved of by engineers appointed by the Governments.

The cables to be constructed and laid with the utmost possible expedition.

The tariff between New South Wales and New Zealand not to exceed 15s. for twenty words, and 9d. for each additional word; the tariff between Normantown and Singapore not to exceed £2 for twenty words, and 2s. for every additional word for the first two years, and, subsequently, 35s. for twenty words, and 1s. 9d. for every additional word.

The guarantee to be paid whilst the two lines are respectively in working order; but if the lines remain out of order for an unreasonable time, the guarantee to cease altogether.

Twelve thousand pounds per annum to be allowed to cover, in full, all expenses; all receipts above £12,000 to pass in reduction of the guarantee. The contractors to retain receipts in excess of the guarantee; but if the profits are more than 10 per cent., the Governments may require that the rates shall be lowered to amounts calculated to reduce the profits to 10 per cent.

This proposal, if approved of by the three Governments, to be submitted to their respective Parliaments; and if their Parliaments approve, an arrangement on the basis of this proposal to be made in London, by representatives appointed by the three Governments, with my principals there, the details not herein set forth to be there arranged.

The contractors to make proper provisions for the use by the three Colonies of a through line of communication between Singapore and London, at rates which shall not be more than the rates charged by any other line between Singapore and London.

The Hon. J. Vogel, C.M.G.,
Postmaster-General, New Zealand, &c.

I have, &c.,
AUDLEY COOTE.