

(No. 16.)



1867.

T A S M A N I A.

LEGISLATIVE COUNCIL.

**SUBMARINE TELEGRAPH BETWEEN
TASMANIA AND VICTORIA.**

CORRESPONDENCE.

Laid upon the Table by Sir R. Dry, and ordered by the Council to be printed,
August 20, 1867.



Tasmania,
Colonial Secretary's Office, 31st December, 1866.

SIR,

THE Government of Tasmania, having decided upon endeavouring to renew Telegraphic communication with Victoria, have authorised Captain Gilmore, who has just proceeded to England, to treat with any substantial firm who, under specified conditions, may be prepared to enter upon the undertaking.

In order that the most reliable information may be obtained respecting the proposed landing place on the Victorian side,—namely, the vicinity of Cape Schank,—I have the honor to request that your Government may be pleased to direct a thorough Marine Survey and examination of the coast and sea-bottom in that neighbourhood, resting assured that the interests of Victoria in the successful working of a Telegraphic Cable between the two Colonies will afford ample inducement to your Government to promote the undertaking. I trust that the surveying Steamship *Victoria* may be detailed for this duty whenever the exigencies of the service will permit, as I shall be anxious to place Captain Gilmore in possession of the desired information at as early a date as possible.

I have the honor to be,
Sir,

Your very obedient Servant,

THOS. D. CHAPMAN, *for the Colonial Secretary, absent.*

The Honorable the Chief Secretary, Victoria.

Chief Secretary's Office, Melbourne, 30th January, 1867.

SIR,

I HAVE the honor to acknowledge the receipt of your letter of the 31st December last, informing me that the Government of Tasmania had decided upon endeavouring to renew Telegraphic communication with Victoria, and requesting that this Government may be pleased to direct a thorough Marine Survey and examination of the coast and sea-bottom in the neighbourhood of Cape Schank, the proposed landing-place on the Victorian side.

In reply I have the honor to state that, so far as is consistent with the duties upon which the Steam Sloop *Victoria* is engaged, every assistance will be afforded in making the survey required.

I have the honor to be,
Sir,

Your obedient Servant,

J. MOORE, *for Chief Secretary.*

The Honorable the Colonial Secretary, Tasmania.

London, 26th March, 1867.

SIR,

I HAVE the honor to inform you that I arrived in England in the early part of this month, and with reference to the subject of laying down a Submarine Telegraphic Cable across Bass's Straits I have placed myself in communication with some of the leading financial firms; and I trust soon to be able to report to you that I have succeeded in obtaining responsible parties to undertake the work in accordance with the conditions which I am authorised to grant by the Government.

I have the honor to be,
Sir,

Your obedient Servant,

GEORGE GILMORE.

The Honorable the Colonial Secretary, Tasmania.

London, 26th April, 1867.

SIR,

THE last letter I had the honor to address you was dated the 26th of March, 1867, a short time after my arrival in England.

I now beg to inform you that, in reference to the re-establishment of Telegraphic communication between the Colonies of Tasmania and Victoria, I have during the last month had several interviews with gentlemen who are more or less acquainted and experienced with the manufacture and working of submarine cables.

The Board of Directors of the Telegraph Construction Company have now under their consideration the conditions of guarantee of your Government; and their Managing Director has given me notice that after his next board meeting he will give me an official and decisive answer whether the Company will undertake to lay down a submarine cable to connect Tasmania with Victoria upon the terms of contract I am authorised to grant.

I consider I am correct in stating that in a few days I expect to bring this matter to a successful termination. I am aware that to form a Company at the present time with a view to carry out the work would be a matter of much difficulty; for, notwithstanding the large amount of money in the market ready for investment, such is the want of confidence with capitalists that little or no speculative business is done.

The late monetary crisis, combined with the rumours of war on the Continent, tends to a continuance of this state of things.

I have the honor to be,
Sir,

Your obedient Servant,

GEO. GILMORE.

The Honorable the Colonial Secretary.

London, 27th May, 1867.

SIR,

By the departure of this Mail I had hoped to have been prepared to have forwarded for your approval the Agreement of Contract I am about making with the Telegraph Construction and Maintenance Company, by which they will undertake to lay down, and maintain in working order, a Submarine Cable to connect the Colonies of Tasmania and Victoria.

I have the honor to inform you that I have endeavoured to carry out the instructions of the Government in accordance with the conditions and clauses contained in the despatch addressed to me by the Chief Secretary, the Honorable James Whyte, and bearing date 20th November, 1866.

The Board of Directors of the Telegraph Construction and Maintenance Company require that the agreement of contract, which shall be mutually binding upon the contracting parties, must be very precisely defined in its conditions, and framed under legal advice.

I have therefore placed my credentials, together with my instructions from your Government, in the hands of eminent Solicitors in the City of London, and requested them to draw out a Contract in accordance with the spirit and meaning of the conditions contained therein; and furthermore, in order to take every precaution in the exercise of the authority vested in me by the Government, I have had the opinion of the Solicitor-General upon these instructions.

Some difficulty has arisen as to the construction of Clause No. 6, which is as follows:—

“The Government, on the ground of public services, reserves the right to obtain the exclusive use of the Submarine Telegraph upon payment to the contractors of an amount equivalent to the value and profits of the line,—such value to be determined by the arbitration of disinterested persons.”

This clause I am aware was inserted more as a matter of form than with any expectation or intention of the Government to act upon it; but as the Telegraph Construction and Maintenance Company make objections, and are not willing to incur the risk of having their property alienated without a clear understanding as to its value, I cannot, under the authority vested in me by the Government, meet all their requirements, notwithstanding that I consider them to be just and reasonable.

The Telegraph Construction and Maintenance Company, from the heavy outlay and risk they will have to incur both in the laying down of the Cable, as well as in maintaining it before they can expect to derive any return or profit from their work, are reasonably desirous to protect their interests.

Now, as the condition of Clause No. 6 will virtually empower the Government to take possession of the line immediately after it is laid down, the Company require for their protection that, in the event of such an appropriation taking place, a minimum price shall be secured to them in payment thereof. As the sum of £70,000 is the amount upon which 6 per cent. interest per annum is guaranteed by the Government, and as this guarantee induced the Company to undertake the work, they consider that, in the event of the Government purchasing the line, that sum cannot be separated from the valuation, and accordingly that £70,000 shall be named as a minimum price upon which to form a basis for calculating the value of the line independent of profits of working.

I trust by the Mail of next month to be able to forward the Contract for the ratification of the Government; and if any stipulations are required by the Company like those I have mentioned in Clause No. 6, I must leave them for your decision.

I will not, on the present occasion, enter into any details further than to state that I am perfectly satisfied with the description of Submarine Cable the Company are prepared to manufacture for the line, and that I shall stipulate for their completion of the work within a certain time; but when the Contract is completed I will, at the earliest opportunity, forward you full information.

I again will beg you to communicate with the Government of Victoria for the purpose of having a survey made at or near Cape Shanck in order to decide upon the best landing-place for the Cable. I have reason to believe that the Chief Secretary, the Honorable J. M'Culloch, will give every assistance to forward this matter, and will order one of their Government vessels to make the survey.

I have the honor to be,
Sir,

Your obedient Servant,

GEORGE GILMORE.

The Honorable the Colonial Secretary, Tasmania.

Tasmania,

Colonial Secretary's Office, 25th July, 1867

SIR,

I HAVE the honor to acknowledge the receipt of your letter of the 27th May, and beg to congratulate you upon the progress you have made in the arrangements in the construction of the Submarine Telegraphic Cable.

I have much pleasure in conveying to you the expression of the satisfaction felt by His Excellency the Governor and the members of the Ministry at the course you have adopted, and the results you have so far arrived at.

With regard to Clause No. 6, I have to inform you that the intention of the Government in reserving "the right to obtain the exclusive use of the Submarine Telegraph upon payment to the Contractors of an amount equivalent to the value and profits of the Line, such value to be determined by the arbitration of disinterested persons," is restricted to a reservation of the use of the Line for Government purposes only upon such occasions, should any such arise, and for such limited periods as may be necessary in the event of war or any other emergency which, in the opinion of the Government, may render it desirable that Telegraphic Communication should be restricted in its use to Government Despatches.

I am glad to see that the Government of Victoria have completed a survey of Cape Schank and the neighbouring shore, and that the survey has been sent home to the Admiralty for publication: I should be glad if you will apply for three or four copies of the Chart to be furnished, and send them to me when published.

I have addressed a letter to the Governor requesting that he will move the Commodore upon the Australian Station to cause a Survey to be made right across the Straits from Cape Schank to Low Heads, and also of the neighbourhood, so as to ensure the selection of the most favourable site for the landing of the Tasmanian shore end.

I have, &c.,
(Signed) RICHARD DRY.

GEORGE GILMORE, *Esq.*, care R. WEBB & Co.,
35, Leadenhall-street, London.

Colonial Secretary's Office, 26th July, 1867.

SIR,

It is with much pleasure I perceive that the Victorian Government have completed a Survey of Cape Schank and the immediate neighbourhood, being the probable site for the shore end of the Submarine Cable; but it appears to Your Excellency's advisers that it would be of material advantage if the survey were extended entirely across the Straits to the Low Heads, and a thorough examination effected of that portion of the coast, so as to ensure the selection of the most favourable position for the shore end on the Tasmanian side.

To effect this object, I have the honor to request that Your Excellency will be pleased to communicate with the Commodore on the Australian Station, in the hope that, in accordance with the principles laid down in the enclosure to His Grace the Duke of Buckingham and Chandos' Despatch (Circular, 23rd May, 1867), that Officer may detail one of Her Majesty's ships to take the necessary soundings and make the required survey.

As by the completion of the proposed Submarine Cable between Tasmania and Victoria this Colony will become linked to that system of Electric Telegraphy, which, it is hoped, will before long unite the Australian Colonies with the Mother Country by one continuous line of Telegraph, I trust that the Commodore will feel no hesitation in complying with the request of this Government; and that, as by our advices from England it is anticipated that the line will be completed and laid by the end of this year, he will find himself in a position to carry out the work with as little delay as the requirements of the service will admit.

I have the honor to be,

Sir,

Your very obedient Servant,

RICHARD DRY.

His Excellency the Governor.

H. M. S. "Brisk," Sydney, 3rd August, 1867.

SIR,

I HAVE the honor to acknowledge the receipt of Your Excellency's letter of 30th July, addressed to Commodore Lambert, forwarding a request from your Ministers for the service of one of H.M. ships to survey Bass's Straits and the Coast of Tasmania for laying the Submarine Cable.

I am unable to take any steps in the matter at present, but Commodore Lambert will arrive by the Mail Steamer due here on the 15th instant, and I will then hand over to him Your Excellency's letter.

I have the honor to be,

Sir,

Your most obedient Servant,

CHARLES W. HOPE, *Captain and Senior Officer.*

*His Excellency Colonel T. GORE BROWNE, C.B.,
Governor of Tasmania.*

40, Old Broad-street, London, E. C., 26th June, 1867.

SIR,

I HAVE the honor to forward by this mail the enclosed documents containing the articles of agreement I have entered into with the Telegraph Construction and Maintenance Company, for the purpose of establishing telegraphic communication by sub-marine cable between the Colonies of Tasmania and Victoria.

The contract has been drawn out under legal supervision, on behalf of the Government as well as of the Contractors.

The principal conditions contained in the articles of agreement are strictly within the authority vested in me by my letter of instructions from the Hon. the Chief Secretary, and dated the 20th November, 1866; but as there are clauses of minor importance which the Company consider necessary, and upon which there is a question as to my having the requisite authority to grant, I have forwarded the contract for the approval and ratification of the Government.

In my last communication of 27th May, I particularly alluded to Clause No. 6 in my instructions, and in which the Government claim the right, on the ground of public services, to obtain the exclusive use of the telegraph by purchase. This clause has now been met by Article 9 in the agreement, and which, I apprehend, the Government will not object to.

In Article No. 5 of the agreement, and which refers to Clause No. 2 in my instructions respecting the conditions of the guarantee, some few additions have been made, providing that if any interruption to the telegraphic communication shall arise by injury done to the cable by reason of war, rebellion, and any like causes, the guarantee shall not cease, but the cable is to be repaired by the Company at the cost of the Government.

I consider these additions not unreasonable, and, therefore, I have made no objection to them.

In Article 12 of the agreement a penalty is named as a limit to which the Company shall be liable for non-performance of their obligations of this contract.

The Contractors urged what seemed a reasonable consideration that there should be a limitation to their liability, and acting under legal advice I considered that a penalty of £2000 would more than meet the necessities of the case.

The condition is never likely to become operative, as 50 miles of the cable are at this moment constructed.

The Directors of the Telegraph Construction and Maintenance Company, having consented to go on with the manufacture of the cable, will expedite the work; and as it is of importance that the steamship which will convey the cable from this country to Australia shall leave the Coast of England before the dead of the winter, I beg you will have forwarded to me by return of post the copy of the articles of agreement which I now send for the ratification of the Government.

As it will be satisfactory to all parties concerned here if a telegram is forwarded from Ceylon, simply stating that the Telegraph Cable Contract is ratified by the Government, I will take the liberty of asking you to send one to that effect.

I have the honor to be,
Sir,

Your most obedient Servant,

GEORGE GILMORE.

The Honorable SIR RICHARD DRY, *Hobart Town, Tasmania.*

ARTICLES OF AGREEMENT made this 25th day of June one thousand eight hundred and sixty-seven, between the Government of Tasmania by George Gilmore, of Hobart Town, in Tasmania, (acting under the authority of the Resolution of the Parliament of Tasmania hereinafter recited, and of a Letter from the Chief Secretary of the said Government, dated the twentieth day of November one thousand eight hundred and sixty-six, a copy whereof is hereunto annexed and hereinafter called "The Government,") of the one part, and the Telegraph Construction and Maintenance Company, Limited, hereinafter called "The Company," of the other part. Whereas, by a Resolution of the Parliament of Tasmania, passed on or about the thirteenth day of December one thousand eight hundred and sixty-six, it was resolved, That, for the purpose of promoting the establishing of Telegraphic Communication between Tasmania and the Continent of Australia, it was considered desirable that the Government of Tasmania should be authorised to guarantee to any persons willing to construct and lay a Submarine Cable across Bass's Straits an annual rate of not more than Six per cent. on the cost of such works: And whereas with a view to give effect to such Resolution the said Government of Tasmania by the Honorable James Whyte, Chief Secretary, on the twentieth of November one thousand eight hundred and sixty-six, wrote and sent to the said George Gilmore the Letter of which a copy is hereunto annexed: And whereas the Government have proposed to the said Company to undertake, and the said Company have agreed to undertake, the laying down of a Submarine Electric Telegraph Cable between Tasmania and the Continent of Australia, upon the terms and conditions hereinafter contained: Now, for the considerations herein appearing, it is hereby mutually covenanted and agreed between the Government on the one hand, and the Company, their successors and assigns, on the other hand, as follows:—

ARTICLE 1.—The Company will manufacture, and within fifteen months from the date hereof lay down, an Electric Telegraph Cable for establishing Telegraphic Communication between the terminate of the land Telegraph Lines in Tasmania at the Low Heads, at the entrance of the River Tamar, and the terminate of the land Telegraph Lines at or near to Cape Schank, on the north side of Bass's Straits, in the Colony of Victoria.

ARTICLE 2.—The Cable shall be constructed of good and suitable materials in all respects, and shall be efficiently adapted for the purposes of such communication.

ARTICLE 3.—The Company shall forthwith furnish the said George Gilmore with specimens of the Cable to be constructed under this agreement.

ARTICLE 4.—The Government hereby guarantee and agree to pay to the Company, their successors, nominees, and assigns, interest at the rate of Six per cent. per annum on the sum of Seventy thousand Pounds, which sum is hereby agreed upon as the amount of the expenditure of the Company for establishing such communication, and for all purposes of this Contract is the cost of the Line; such guaranteed interest to be from time to time paid to the Company, their successors, nominees, and assigns, quarterly, upon the adjustment of the accounts as mentioned in Clause 7 hereof, the first payment to be made at the expiration of three months after the Telegraph has been laid down and the communication established.

ARTICLE 5.—The guarantee of the Government shall continue and remain in force while the communication remains in good working order and uninterrupted; and in the event of a cessation of communication for a period of Thirty consecutive days, the said guarantee shall cease until the Line has again been placed in proper order,—but should an interruption in such communication extend beyond Twelve months the responsibility of the said Government in respect of the said guarantee shall cease and determine. Provided, that if any interruption to such communication shall arise from destruction or injury of the Cable by reason of war, rebellion, or any such like cause, the guarantee shall continue, but the Company, their successors or assigns, shall in such event be bound, at the request and cost of the Government, to restore the communication.

ARTICLE 6.—If the net profits arising in any one year from the said Line of Telegraph, after payment of all expenses of and incidental to the working and maintenance thereof, together with any amount paid by the said Government in respect of their guarantee, shall exceed in that year Seven thousand Pounds, being Ten per cent. on the said sum of Seventy thousand Pounds, the Company shall to the extent of any monies paid by the Government, in and in respect of that year, upon their said guarantee refund to the Government any such excess over Seven thousand Pounds; but in no event shall the Company be required to pay or refund to the Government more than the amount which the Government shall have so repaid in such year.

ARTICLE 7.—The Company, their successors and assigns, shall have the exclusive right of Submarine Telegraph communication between the Colony of Victoria and the Colony of Tasmania for a period not exceeding Twenty years, to commence from the time when the Company first open telegraphic communication between the said Colonies; and such right shall continue in force subject only to the conditions required by the said Government for the payment of the said Guarantee of Six per cent. hereinbefore contained.

ARTICLE 8.—All accounts between the Government and the Company, their successors and assigns, shall be adjusted, and the balance paid over, quarterly.

ARTICLE 9.—The Government shall, on the ground of public service, be entitled to obtain and have the exclusive use of the said Submarine Telegraph, upon giving reasonable notice to the Company, their successors or assigns, and upon payment to them of an amount equivalent to the cost of the Line and the value of the profits thereof, including the Government Guarantee, the same to be determined, in case of difference, by the arbitration of disinterested persons.

ARTICLE 10.—The Government will give to the Company, their successors and assigns, all reasonable facilities in carrying out the works hereby agreed upon, and in laying any further Lines of Telegraph which may be hereafter established under the provisions of this Agreement, and in working the traffic.

ARTICLE 11.—The Government will notify to the Company by the first Mail leaving Tasmania after receipt of this Contract that the same has been duly received at the Government Office there.

ARTICLE 12.—The Company shall forthwith begin to manufacture the said Cable, and if they fail to perform their obligations under this Contract in respect to the making and laying of the said Cable, they shall pay to the Government the sum of Two thousand Pounds; but no penalty shall be payable if the failure arise from any act or default of the Government or of the Governor of the Colony of Victoria, or if, after shipping the Cable, the Company fail to lay the same from any accident or other cause beyond their control.

IN WITNESS whereof the said George Gilmore hath hereunto set his hand and seal, and the Company have caused their common seal to be affixed, the day and year first above written.

The common seal of the Telegraph Construction and Maintenance Company,
affixed in the presence of

SHERARD OSBORNE, *Managing Director.*
W. SHUTER, *Secretary.*

THE following is a Copy of the Letter above referred to.

Tasmania, Colonial Secretary's Office, 20th November, 1866.

SIR,

His Excellency the Governor has been pleased to appoint you to be the Agent of the Tasmanian Government for the purpose of endeavouring to give effect to the following Resolution of the Parliament of Tasmania:—

“That, for the purpose of promoting the establishment of Telegraphic communication between Tasmania and the Continent of Australia, it is desirable that the Government of Tasmania be authorised to guarantee to any persons willing to construct and lay a Submarine Cable across Bass's Straits an annual rate of not more than Six per cent. on the cost of such works.”

You are hereby empowered to undertake on the part of the Government of Tasmania that that Government will be bound by any Contract which you may enter into with any Company or individual willing to undertake the cost of laying down an Electric Cable between Tasmania and Victoria, upon the terms and conditions following; that is to say,—

1st. To guarantee Six per cent. per annum on an expenditure not exceeding Seventy thousand Pounds (£70,000) to any person or persons for establishing Telegraphic communication by Submarine Cable between the terminate of the land lines in Tasmania at the Low Heads at the entrance of the River Tamar and the terminate of the land lines at or near to Cape Schank on the north side of Bass's Straits in the Colony of Victoria.

2nd. The conditions of guarantee to hold good while the communication remains perfect and uninterrupted; and in the event of a cessation of communication for a period of Thirty days, the guarantee shall cease until the line has again been placed in proper order. Should an interruption extend beyond Twelve months, the responsibility of the Government in respect to the guarantee shall cease.

3rd. The maximum rate of interest per annum, inclusive of the guarantee of Six per cent. to which the Contractors will be entitled before any reduction of the guarantee shall be refunded by them to the Government, shall be Ten per cent.

4th. The Contractors to have an exclusive right of Submarine Telegraph communication between the Colony of Victoria and the Colony of Tasmania for a period not exceeding Twenty years, to commence from the time when the Contractors first open telegraphic communication between the aforesaid Colonies, and such right to continue in force subject only to the conditions required by the Government for their payment of the guarantee of Six per cent. per annum on the cost of the Submarine Cable.

5th. All accounts between the Government and the Contractors to be adjusted at stated monthly or quarterly meetings, as may be found convenient.

6th. The Government on the ground of Public Service reserve the right to obtain the exclusive use of the Submarine Telegraph upon payment to the Contractors of an amount equivalent to the value and profits of the Line, such value to be determined by the arbitration of disinterested persons.

You will not consider yourself at liberty to concede more favourable terms to any undertakers of the above work, unless such terms have been previously submitted to and approved of by the Government of Tasmania.

I have the honor to be,

Sir,

Your very obedient Servant,

(Signed) JAMES WHYTE.

GEORGE GILMORE, *Esquire, Hobart Town.*

Tasmania,
Colonial Secretary's Office, 10th August, 1867.

SIR,

HAVING noticed in the Melbourne *Argus* a statement to the effect that a recent survey had been made by your Government of the coast-line in the neighbourhood of Cape Schank, the probable landing-place of the shore end of the proposed submarine Telegraphic cable, I have the honor to enquire if such survey has been effected, and if so to request that you will favour me with a detailed report of the results for the information of this Government and Parliament.

I have, &c.,

(Signed) RICHARD DRY.

The Honorable the Chief Secretary, Victoria.