

(No. 124.)



1870.

T A S M A N I A.

SUBMARINE TELEGRAPH CABLE.

REPORT FROM SELECT COMMITTEE; WITH MINUTES, AND EVIDENCE.

Brought up by Mr. Adye Douglas, and ordered by the House of Assembly to be printed, October 11, 1870.

SELECT COMMITTEE appointed on the 8th. September, 1870, to enquire into the Revenue and Expenditure of the SUBMARINE TELEGRAPH, from the date of the first paid Message to 1st July last, with power to send for Persons and Papers.

MEMBERS OF THE COMMITTEE.

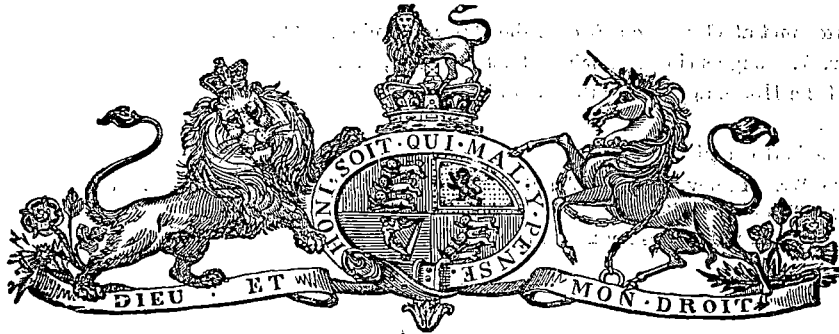
MR. COLONIAL TREASURER.	MR. JOHN MEREDITH.
MR. LEWIS.	MR. ADYE DOUGLAS (<i>Mover.</i>)
MR. JOHN SCOTT.	

DAYS OF MEETING.

16, 28 September, 11 October.

WITNESSES EXAMINED.

Mr. J. W. Blackett, Manager.
Mr. E. J. Manley, Colonial Auditor.
Mr. W. Lovett, Assistant Colonial Treasurer.
Mr. F. A. Packer, Chief Clerk, &c.



R E P O R T .

YOUR Committee have taken the evidence of Mr. Blakett, the Manager in Tasmania of the Telegraph Construction Company in London; and also that of the Colonial Auditor, the Assistant Treasurer, and the Chief Clerk in the Electric Telegraph Department.

They have ascertained from the evidence of these gentlemen that the Government have never been furnished with the full and detailed quarterly accounts of the annual expenditure of the Cable as expressly provided for in the 7th Article of the Agreement, made on the 24th January, 1868, between the Government and the Company; nor have the Government been in a position to inspect the books of the Company to verify the accounts.

Your Committee find from the above sources of information that the total receipts of the period within which your Committee's enquiry is limited were £2568 0s. 6d., and that the expenses have been £2013 6s. 0d.

The cost of this line to the Government of Tasmania is the payment of £4200 a year, being interest on £70,000 at 6 per cent.—the sum in question being the estimated cost of the line; and the 5th Article of the Agreement provides that if the net profits of any year after payment of all expenses of and incidental to the working and maintenance of the line, together with the Government payment, shall exceed in that year £7000, the Company shall refund to the Government any excess over the £7000.

Calculating the expenses of a year to be £2500, it would thus require the line to earn a gross revenue of £9500 a year before any sum could be refunded to the Government.

Your Committee therefore recommend that negotiations be entered into by the Executive Government for the transfer of the management of the line from the Submarine Cable Company to the Electric Telegraph Department of Tasmania; such arrangement, however, to be subject to the approval of Parliament.

ADYE DOUGLAS, *Chairman.*

11 October, 1870.

MINUTES OF MEETING OF COMMITTEE.

No. 1.

The Committee met at 11 A.M. on Friday, the 16th September, 1870.

Present—Mr. A. Douglas (in the Chair), Mr. John Scott, Mr. D. Lewis.

Resolution of the House appointing the Committee read.

Contract read.

Mr. J. W. Blackett examined.

Resolved, That Mr. Manley, Colonial Auditor, and Mr. Lovett, Assistant Colonial Treasurer, be summoned to attend on Tuesday next, 20th instant.

Committee adjourned until Tuesday 20th instant, at 11 A.M.

No. 2.

WEDNESDAY, 11 A.M., 28 SEPTEMBER, 1870.

Present—Mr. A. Douglas, Mr. John Meredith, Mr. Lewis.

1. The Colonial Auditor was called in and examined.

2. The Assistant Colonial Treasurer was called in and examined.

3. The Chief Clerk in the Telegraph Department was called in and examined.

The Committee adjourned at 12.30.

EVIDENCE.

16TH SEPTEMBER, 1870.

JOHN WILSON BLACKETT *called in and examined.*

Mr. A. Douglas.—My name is J. W. Blackett. I attend here on summons from this Committee. I am Manager of the Tasmanian Cable. I represent the Telegraph Construction Company of London in Australia. There are a Superintendent of the Cable, four Instrument Clerks, and two Cable hands, one boy Messenger, one Lamplighter. The total amount of their salaries and wages for the first 12 months, £1473 11s. 5d., from 1st May, 1869, to 30th April, 1870; but there are certain other salaries payable in England, the amount of which I am not acquainted with. The other necessary annual expenditure on account of the Cable in the colonies amounts to £511 6s. 10d. for the same period; incidental expenses £28 7s. 9d.

By Mr. Lewis.—I am the Manager on behalf of the Telegraph Construction Company of the Tasmanian Cable connecting Tasmania with Australia. The expenses amount to £1473 11s. 5d., £511 6s. 10d., and £28 7s. 9d. I am not in a position to furnish particulars of this expenditure at present, the accounts having been sent to England. We do not keep duplicate accounts. I could not without instructions from England furnish the Government of Tasmania with the books to verify accounts in accordance with Article No. 7 of the Contract. I mean by instructions, the Directors sending me from England what would be necessary to place before the Government in accordance with Article No. 7. I have never furnished to the Government of Tasmania a full and detailed account of the annual expenditure of the Cable in accordance with Article No. 7. This account has never been asked for by the Government. I could furnish an account shewing the details of expenditure, but not the items of each account. I am exclusively employed in superintending the Tasmanian Cable. All the employes under me are absolutely necessary for the conduct of the business of the Cable. As far as I am concerned the strictest economy has been preserved. I can recommend no decrease. There was a reduction by returning, in May last, to England a man who was kept here to joint the Cable in the event of an accident. I have never left the Colony on private business since I have been Manager. I decline to say whether I have been absent for any other purpose.

Mr. Scott.—Every three months the accounts have been adjusted between the Government and the Company. The adjustment was made by a statement to the Government of the amount due by them for the three months.

I cannot say what method the Government adopts to check the receipts and expenditure in order to the proper adjustment of the quarterly accounts. The Government have never examined or called upon me to produce the books.

Mr. A. Douglas.—On 1st May, 1869, the Cable was opened for receipt of messages.

I cannot say how many messages have been sent from 1st May, 1869, to 1st May, 1870. The total receipts were £2568 0s. 6d; viz.—May, £121 18s. 9d.; June, 221 0s. 5d.; July, £216 2s. 11d.; August, £243 13s. 3d.; September, £227 12s. 1d.; October, £210 14s. 7d.; November, £224 18s. 9d. December, £186 18s. 9d.; January, 1870, £212 9s. 0d.; February, £198 6s. 0d.; March, £243 6s. 4d.; April, £260 19s. 8d.

The money received is not all paid through Government of Tasmania. It is paid by each Colony separately,—Tasmania, Victoria, New South Wales, South Australia, and Queensland severally. It would be desirable that all the money should be paid through the Colony of Tasmania. Each Colony pays direct to me the amounts due for the transmission of their messages, and not to the Government of Tasmania. The Government of Tasmania exercise no control, as far as I know, over the amount payable by the other Colonies.

In the three months of May, June, July, 1869, the amount of £256 10s. 5d. was charged for Messages to the Government of Tasmania; August, September, October, £300 1s. 3d.; November, December, January, £304 12s. 3d.; February, March, April, £343 17s. 8d.: total £1205 1s. 7d.

I cannot say what was the actual cost of constructing and laying the Cable.

28 SEPTEMBER, 1870.

EDWARD JOHNSTONE MANLEY, *Esq.*, called in and examined.

By Mr. Douglas.—1. You are Colonial Auditor? Yes.

2. Do the accounts of the Submarine Cable come through your Department? Yes; but these are confined simply to the receipts.

3. Do the accounts include the amounts belonging to other Governments as well as to Tasmania? They do.

4. In what way do the accounts of the other Colonies reach you? Through the Telegraph Department. I hand in a Return on one sheet, which I will explain: this shows the receipts for the month of April, and all other months are in exactly the same form. Statement explained.

5. Are the moneys due by other Colonies paid in by Mr. Blackett, the Superintendent, or through the Telegraph Department here? The amounts collected in other Colonies for Submarine messages are paid direct to the Cable Company to the extent of the proportion due to that Company. The other amounts are matters of account between the other Colonies and us.

6. Then you have no means of checking the amounts of other Colonies for Submarine messages? Yes; the whole are known to the Telegraph Department here, which prepares the Return of which I have shown that for April, and it includes the sums collected in the other Colonies, up to which date the amounts correspond with those in the paper printed by order of Parliament during this Session; the twelvemonths' earnings being £2561 12s. 5d.

7. Do you know why all the moneys do not pass under your audit? Do you rely on the returns which the Superintendent, Mr. Blackett, sends in? I only audit that which comes through the Colonial Treasury. The arrangement has been made for Mr. Blackett to receive all the amounts of the other Colonies, which I think is the best arrangement that could be made. If the receipts were over £7000 a year there might be an advantage in having the accounts of expenditure as well as revenue submitted to my audit.

By Mr. Meredith.—8. Can you suggest, either now or in writing, any improvement in the mode of audit? I am not prepared at present to submit any improved mode without entailing much additional labour on my office and upon the Telegraph Department. I herewith hand in a detailed return of all Land Line messages which have passed through the office during one month, and think the check we have is adequate. I know I could not examine the other accounts in my office with my present clerical strength. I will, however, submit a reply in writing. (*See p. 7.*)

W. LOVETT, *Esq.*, *Assistant Treasurer*, called in and examined.

By Mr. Douglas.—1. What moneys pass through the Treasury on account of the Telegraph? All moneys collected in Tasmania on account of the Cable Company and the Colony. A separate account is kept of the Submarine Cable message receipts; also the collections due to other Colonies for the land line.

2. Do the other Governments pay the money into the Treasury? They do not.

3. Why? I do not know whether it is in the contract.

4. I quote Article 7, which says: "All accounts between the Government and the Company, their successors and assigns, shall be adjusted and the balance paid over quarterly. The Government to have the right to inspect the books of the Company to verify the accounts." Now, unless Government receives all moneys, how can they check the accounts? The accounts are sent in by the Company and checked by the Telegraph Department here, and the Government think they have a sufficient check.

5. Has the Government ever inspected the books of the Company? I believe not. I understand Mr. Blackett has been communicated with, and he throws no obstacle in the way, but waits instruction from England.

6. Do you know if the Government have ever applied to the Company for power to inspect the books? I believe they have applied to have the accounts furnished of the gross receipts and expenditure of the Company.

7. Can you tell the actual amount of cash which passed through the Treasury in a twelvemonth? I can, by referring to the office. (Mr. Lovett sent the following return:—Total amount of money passing through the Treasury for receipts from the Submarine Telegraph for twelve months from 1st August, 1869, to 30th July 1870, £2055 8s. 8d.)

8. Up to the present time has the Treasury relied on Mr. Blackett's return? Yes, after having been checked in the Telegraph Department here; certainly not on his own returns.

9. You cannot say why the Government have not carried out Article 7? The Government have received all moneys to which it is entitled under the contract. As far as I can state, the Government know exactly the amount received by the Company, and that has not amounted to £7000. Mr. Blackett has not been required to send in returns of moneys he has received from other Governments.

10. Does not a large portion of the monies of the Submarine Cable Messages come from the Government Messages? I do not think the Government Messages exceed from £10 to £20 a year. The receipts are something like £320 a quarter.

By Mr. Meredith.—11. Can you tell whether or not this Colony has paid more than it should have done to the Cable Company without having accounts furnished and inspection of the Company's books? The Government know they have not up to this time paid more, for our Department checks the Company through the Telegraph Department here; but if the receipts were larger than £7000 I believe they would have no means of checking without being furnished with the accounts and books.

12. How can you ascertain what quarterly balances are without having such accounts and inspection of books? We pay balances according to receipts only, and not according to expenditure, because we know the receipts alone are not £7000 a year.

13. Can you say whether any amount has been charged against the management of the Cable Company, involving the expenses of the managers travelling to other Colonies, since the Cable has been laid? I cannot tell. No such accounts are paid by this Government.

14. Why can you not furnish this information? Because the accounts of expenditure have not been furnished to the Government.

F. A. PACKER, *Esq.*, Chief Clerk of the Telegraph Department, called in and examined.

By Mr. Douglas.—1. Are you aware of the cost of working the Submarine Cable Department? No, I am not.

2. If the line were entirely under the Tasmanian Government, do you think any saving might be made? Certainly.

3. Mr. Blackett in his evidence has given the staff he employs. Do you think if the line were worked by the Government you could dispense with some of that staff? Yes; at Low Heads we should only require our own two Operators; certainly not the Superintendent and two Operators now employed by the Cable Company. Two Operators, with a boy as Messenger, would be sufficient to work the line.

4. In your Department can you ascertain the expense of working the Submarine Cable Company? I have no means of doing so.

5. Have you any means of checking the charges made by the Submarine Cable Company for Telegrams? Yes, every means with regard to receipts: our returns are but copies of their books. I do not see how anything could go through without our office at Low Heads knowing it. We also furnish a Return to the Treasury, and our office at Low Heads settles cash with the Company for messages both ways. Our department knows all receipts of the Submarine Cable. We do not know the amount of expenditure, or how it is expended.

6. As regards the line in Victoria, are extra hands employed? Yes, two Operators at Flinders. It is a question whether we could not work the Cable through to Melbourne from Hobart Town or Launceston, in which case they would not be required.

7. I presume the submarine line has been a source of profit to the land line,—are the accounts kept separate? Yes; as shown in the paper printed by Parliament this session.

8. Have you the means of telling us the amount paid to the Cable Company for Government messages? I can.

9. *By Mr. Meredith.*—As to maintenance and repairs of the Submarine Cable, could that be effected with the same economy and expedition as by the Company? Yes.

10. Can you furnish the Committee with a memorandum of the cost of working the cable and land lines through to Melbourne, if in the hands of the Tasmanian Government? I can. The greatest difficulty would be if a break occurred. That difficulty could, however, be overcome were an efficient Splicer engaged at Tamar Heads or Flinders. The Splicer could act as Messenger at Low Heads Station.

THE only improvement I could suggest in the mode of rendering the Accounts would be to follow the plan pursued in regard to ordinary Land Line Receipts, of furnishing full details of every Message passing through the Cable; but this could not be done without some expense, as I believe that additional assistance would be required both in the Audit and Telegraph Departments. Mr. Packer has informed me that the Accounts are very voluminous, and that it would occupy the greater part of a junior Clerk's time to copy them, and the Clerks in my Office have already as much to do as they can accomplish in a satisfactory manner. I submit a specimen of the "*Land Line*" Accounts for the Committee's inspection: it shows that every paid Message is entered in full. I would also, with permission, read an explanatory Minute by Mr. Packer, dated 18th February last, describing the means of internal check in the Telegraph Department upon the receipts connected with Cable Messages. (Copy enclosed.)

Upon this explanation, and to avoid incurring extra expense, I was led to dispense with any further details than those given in the monthly Tabular Sheet of Cable Collections, of which a specimen,—the Return for April, 1870,—has been laid before the Committee; and considering the nature of the transactions, and the check which exists between the several Telegraph Offices, the present arrangement seems to me to afford a sufficient means of audit for the protection of the Revenue; at the same time I may add, that if it did not involve expense I would prefer having the fullest details.

E. J. MANLEY.
28 Sept. 1870.

(Copy.)

THE Returns have been checked by me, and the details checked by Mr. Henry at the repeating Station at George Town. Mr. Henry is in the best position to check the details, as every Message sent to or from Tasmania *must* necessarily pass through his Office, where it is recorded.

For the reasons stated in the letter Mr. Henry sent with the Returns, it is possible some slight discrepancies may exist in the May and June documents. Everything that could be done to render them complete *has* been done; but as no checks were sent with a great number of the Messages in May and June, it has been a matter of great difficulty to adjust the Accounts for those months.

The Return from July to the present time may, however, be relied upon; and I think the Auditor will perceive that under the present system it would be almost *impossible* for the Returns to be incorrect.

A Telegram on leaving here for (say) Adelaide is first of all "checked" at the Hobart Town Office, next by the Operator at Low Head repeating Station, next by the Cable Company's Operators at Low Head and Flinders, again by the Melbourne Office, and last at the Adelaide Office; and any of the Officers mentioned finding the number of words or charges incorrectly transmitted refuses the Message until the error has been corrected. The following morning cash is settled, first, by Hobart Town with Low Head; 2nd, by Low Head with Flinders; 3rd, by Flinders with Melbourne; 4th, by Melbourne with Adelaide: so that the Message must be again correctly accounted for by six Officers before it is finally entered in the books. Nor does the check end there; for at the end of the quarter the respective Colonial Governments and the Cable Company's Manager forward *their* Accounts Current to the Tasmanian Treasury, and those must agree with the Returns such as those now forwarded to the Audit Office.

F. A. PACKER.
Telegraph Department, 18 Feb. 1870.

EXTRACT from Accounts of the Submarine Cable showing the Amounts collected in Tasmania and in the other Colonies.

Months.	In Tasmania.			In the other Colonies.			TOTALS.		
	£	s.	d.	£	s.	d.	£	s.	d.
1869.									
May	56	7	6	65	0	0	121	7	6
June	103	19	2	115	1	3	219	0	5
July	95	15	5	120	2	6	215	17	11
August	99	13	9	143	19	2	243	12	11
September	101	3	9	126	8	4	227	12	1
October	99	3	9	111	10	10	210	14	7
November	108	10	0	115	11	3	224	1	3
December	92	1	3	94	7	6	186	8	9
1870.									
January	104	1	0	108	0	0	212	1	0
February	96	18	0	101	0	0	197	18	0
March	117	6	0	125	0	4	242	6	4
April	129	13	8	130	18	0	260	11	8
	£1202	13	3	1356	19	2	2561	12	5