

CORRESPONDENCE

RELATIVE TO

PROPOSED SUBMARINE ELECTRIC CABLE BETWEEN
AUSTRALIA AND NEW ZEALAND.

PRESENTED TO BOTH HOUSES OF THE GENERAL ASSEMBLY, BY COMMAND OF
HIS EXCELLENCY.

WELLINGTON.

—
1870.



CORRESPONDENCE RELATIVE TO PROPOSED SUBMARINE ELECTRIC CABLE
BETWEEN AUSTRALIA AND NEW ZEALAND.

No. 1.

The Hon. I. E. FEATHERSTON and the Hon. F. D. BELL to the Hon. W. GISBORNE.
(No. 11.)

SIR,—

London, 25th March, 1870.

We have the honor to transmit to you herewith a letter we have received from Mr. Henley, of the Telegraph Construction Company, offering to make a submarine cable between Australia and New Zealand. We should have recommended this proposal at once, but an offer of a similar kind will in all probability be made to us to-morrow (though too late for the mail) by the French Transatlantic Cable Company, one of whose directors, Lord William Hay, has just written to us to make an appointment with some influential gentlemen on the subject.

We shall acquaint you by telegram if any substantive offer is made by the latter Company.

We have, &c.,

F. D. BELL,

I. E. FEATHERSTON.

The Hon. the Colonial Secretary, New Zealand.

Enclosure in No. 1.

Mr. JOHN MORRISON to the Hon. I. E. FEATHERSTON and the Hon. F. D. BELL.

Office of the New Zealand Government Agency,

3, Adelaide Place, King William Street, E.C.,

London, 25th March, 1870.

GENTLEMEN,—

The enclosed letter, addressed to you by Mr. Henley, on the subject of a submarine cable between New Zealand and Australia, has just been sent to me. At his request, I beg to direct your attention to it.

Mr. Henley refers, I observe, to a letter he wrote to me in 1867, and encloses you a copy of it. The letter in question was never submitted to the Government, the guarantee in it being, in my opinion, so objectionable and fatal a condition to his proposal, that I did not trouble them with it; but as Mr. Henley who, you will remember, constructed and at his own risk submerged the Cook's Strait Cable, now offers to take steps to insure an efficient cable being laid between New Zealand and Australia, provided only an exclusive concession for twenty-one years is granted to him, you may perhaps see fit to transmit his offer to the Government by to-night's mail.

Mr. Henley also makes reference to the Tasmanian Cable. As you may like to see the conditions and terms granted by the Tasmanian Government, I enclose a copy of the contract.

I have, &c.,

JOHN MORRISON.

The Hon. Dr. I. E. Featherston and Hon. F. D. Bell.

Sub-Enclosure 1 to Enclosure in No. 1.

Mr. HENLEY to the Hon. I. E. FEATHERSTON and the Hon. F. D. BELL.

GENTLEMEN,—

27, Leadenhall Street, London, 24th March, 1870.

With reference to my letter of the 25th October, 1867, addressed to Mr. J. Morrison, in which I undertook, under certain conditions, to establish telegraphic communication between New Zealand and Australia, I now beg to re-open the subject.

As I mentioned in that letter, the most certain way of obtaining the desired object would be by the Government granting me an exclusive concession for landing cables between New Zealand and Australia for the term of forty years, accompanied by a guarantee of 6 per cent. interest on the capital embarked in the scheme during the time the cable remained in working order; but as I am informed that the Government of New Zealand will not grant such a guarantee (although there is a precedent in the Tasmanian Government having done so, and it having resulted in their having an efficient cable working to Australia), I will undertake, if you can obtain me the exclusive concessions above mentioned for the term of twenty-one years, to take such steps as will insure the laying of an efficient cable between New Zealand and Australia within two and a half years of the receipt of such concession. Details as to tariff, &c., could be mutually arranged.

I may further add that, in the event of the concession being granted to me, my connection with the Telegraph Construction and Maintenance Company justifies me in stating that I should have their cordial assistance and co-operation in carrying out the arrangements for the line, and I should have no objection, should you wish it, to the concession being granted in our joint names.

The Hon. the Commissioners

of the New Zealand Government, London.

I am, &c.,

W. T. HENLEY.

Sub-Enclosure 2 to Enclosure in No. 1.

Mr. HENLEY to Mr. J. MORRISON.

SIR,—

27, Leadenhall Street, London, 25th October, 1867.

As I hear you are about visiting the Colony, it has occurred to me you might use your influence in endeavouring to induce the Government of New Zealand to give their attention to the important

work of connecting that Island with Australia, by means of a Submarine Electric Cable, as the increasing traffic between those places seems to me to admit of very little doubt that such a line would give a large return on the capital invested in it. It would necessarily be a large undertaking, and one that could not be carried out without the firm support of the Government.

In the present state of distrust that prevails in the commercial world, it might be very difficult to get people to embark their capital in the undertaking, unless the Government would assist as much as possible.

Most Governments, in granting a concession for a submarine cable, guarantee that it shall earn 6 per cent. during the time it is actually working; but as such a guarantee would cease during any time the cable was out of working order, the guarantee would be merely nominal, as the receipts whilst working are certain to return a profit of 6 per cent. I should therefore propose that the Government should give a guarantee on the following plan:—1. As soon as the cable shall have been laid and worked electrically perfect for one month, they shall guarantee a net revenue from it of 6 per cent; that is to say, should it from any cause not earn so much, the Government shall make up the difference.—2. If by any cause the cable should be injured or get out of working order, so that messages could not be transmitted, the 6 per cent. guarantee to cease; but the Government shall pay a guarantee of 3 per cent. during the time it may remain out of order, the company or individuals undertaking on their parts to use every endeavour to repair the fault or damage; but if unable to do so within a time to be mutually agreed upon, this 3 per cent. guarantee, and all responsibilities of the Government, to cease also.

Although at present things are in such a very unpromising state, they may be changed altogether next year. I think, therefore, if I could obtain a concession from both the New Zealand and Australian Governments (or from the New Zealand Government alone) giving me the exclusive right of landing submarine cables, say for a term of forty or fifty years, and allowing me three years for the completion of the work, together with the guarantee above alluded to, I have little doubt it could be carried out. The capital to be raised would be about £350,000. In round numbers, the distance, allowing for slack cable, would be about 1,200 nautical miles; and a cable sufficient for any depth of water would cost about from £210 to £220 per mile.

I shall have pleasure in furnishing you samples of suitable cables to take out with you, and hope you may be enabled to bring it to business. If you can obtain reliable details of the soundings and nature of the bottom for the entire distance, it would be of great assistance, and might materially reduce the expense of the undertaking.

John Morrison, Esq., Agent for the New Zealand Government, London.

I am, &c.,

W. T. HENLEY.

No. 2.

The Hon. Mr. GISBORNE to the Hon. I. E. FEATHERSTON and the Hon. F. D. BELL.
(No. 109.)
GENTLEMEN,—

Colonial Secretary's Office,
Wellington, 2nd June, 1870.

I have the honor to acknowledge the receipt of your letter No. 11, of the 25th March last, forwarding an offer from Mr. Henley, of the Telegraph Construction Company, to construct a submarine cable between Australia and New Zealand.

I enclose you a memorandum on some of the details which it is considered necessary to bear in mind. I understand that lately there is a great deal of attention directed at home to ocean cables, and possibly by calling for competitive offers you may do better; but the Cabinet has every confidence in your judgment. I will only add, that before final ratification, it will be necessary to refer the agreement you propose to the Colony, as the subject will be brought before the Assembly without delay, and that body might prefer giving a guarantee or money payment to a twenty-one years' concession.

I have, &c.,

The Hon. I. E. Featherston and Hon. F. D. Bell,
Care of John Morrison, Esq., 3, Adelaide Place,
King William Street, London.

W. GISBORNE.

Enclosure in No. 2.

MEMORANDUM ON OFFER sent by COMMISSIONERS CONCERNING CONSTRUCTION OF CABLE BETWEEN AUSTRALIA AND NEW ZEALAND.

THE offer to dispense with a guarantee seems very favourable, if the details are satisfactory. I attach great importance to these, and proceed to note some that strike me, after hasty consideration.

The connection must be with New South Wales or Victoria, on no account with Tasmania, as we should have to depend on a second cable between that Island and the mainland. The connection on the New Zealand side must be with a part of the country where the Telegraph is erected, or is about to be erected. It would be better that the connection should be with either some part of the Middle Island, or with a point in the North Island entirely free from the reach of Native disturbances. Near Wellington would be best, as, for the Government business, which is heavy, we should be relieved from using our own cable.

There must be a purchasing clause, as favourable as can be arranged.

There must be provision to meet the case of one cable being found insufficient for the work: either the contractor must construct additional cables, if required, or the monopoly should not prevent the Government doing so.

Much importance is to be attached to the determination of the tariff. We have reduced the rates of land telegrams to a uniform one of one shilling. I believe that low rates will pay the concessionaire best; but we must not lose sight of this, that perhaps, to force us into some change of

agreement, he may adopt prohibitive rates. I can lay down no absolute proviso without risk of embarrassing the Commissioners. I can only say that I attach the utmost importance to any power they can obtain for determining the tariff from time to time; that I think that it should never exceed one shilling per word; and that it should be reducible from time to time, as the net receipts leave a surplus after paying an agreed percentage on the capital, inclusive of interest.

The Commissioners must insist on stringent regulations respecting the order of transmitting messages. A private company (if for instance war broke out) might reap immense results from a monopoly of the line. We have to look forward twenty-one years.

I have not referred to the class of cable, nor limit of time for laying it; but in both respects there should be definite agreement, of the nature of which the Commissioners should take the best advice. Mr Lemon suggests that the class of cable should be at least equal to the last English Atlantic Cable.

These are the conditions which strike me after hurried consideration. No doubt there are others to be borne in mind, and the Commissioners should be careful to take the best advice, and study the conditions of other analogous arrangements.

Wellington, 1st June, 1870.

JULIUS VOGEL.
