

that Victoria would take Tasmania, South Australia, and Western Australia as co-contributors, leaving New South Wales, Queensland, and New Zealand as co-contributors to the Home Government, which would practically reduce the contribution of the Home Government to a trifling amount. The whole annual Subsidy I then asked for was £35,000, to raise a capital of £800,000, calculated to provide a Cable similar to that then recently laid in the Red Sea. The outer iron covering of this Cable, however, has since proved very much too light, and liable to corrosion. The greater portion of this Cable was laid down in deep water, or in over one hundred fathoms, where it was impracticable to repair it. The failure of this and other deep sea Cables made it impossible for some time to act upon the Resolutions passed by the Australian Legislatures. The public did not at first discriminate between deep and shallow water Cables; but the obvious and continuous success of all shallow Sea Lines has revived public confidence in these undertakings.

It is now proposed to lay a Cable three and a half times the weight of that laid in the Red Sea, and moreover to protect against corrosion by a hard bituminous outer covering, which has been successfully applied to Cables in the English and Irish Channel. This Cable will be capable of transmitting 70,800 messages of 20 words each per annum. This number of messages could be doubled by adopting the latest improvements in the transmitting instruments. To lay this heavier Cable, it will be necessary to increase the capital to one million one hundred thousand pounds (£1,100,000), which includes a sufficient Reserve Fund for future repairs, as appears by the enclosed Estimate. The Promoters ask that an annual Subsidy of fifty thousand pounds (£50,000) be granted to them to raise this amount of capital. This Subsidy has been calculated on the basis already adopted in the Resolutions passed by the Legislatures of New South Wales and Victoria in 1860. They ask that the Subsidy shall run for thirty years instead of twenty-one years; and that the surplus net profits over fifteen per cent. instead of over ten per cent. as stated in those Resolutions, shall belong to the contributing Governments. In return for these additional advantages, they now offer to transmit the messages of the Colonial and Home Governments without payment, to the extent of the Subsidy; and in case the Home Government does not contribute, to place the tariff value of their messages to the credit of the Subsidy, the Colonies only paying the difference. This was not stipulated for in the Resolutions. We estimate the additional business which the subsidised Line will bring upon the Telegraphs in Australia at 40,000 messages of 20 words each per annum. This will prove a considerable source of revenue towards covering the Subsidy. With these and a few minor alterations which explain themselves, the Resolutions already alluded to would stand as follows, leaving the contributions of the Home Government, if required, to be settled by negotiation.

- 1st. That the Governments of Victoria and New South Wales shall grant to a Company of approved stability in such proportions as they may agree upon, an annual Subsidy not exceeding in the whole Fifty thousand pounds (£50,000), for a period of thirty years, to induce such Company to construct and maintain a line of Telegraph between Java and Brisbane, or Broad Sound, in case the Government of Queensland undertakes to extend its Telegraphs to that point by the end of 1864.
- 2nd. That such Company shall, within two and a-half years after a Contract has been entered into, construct such line of Telegraph, unless prevented by war or the dangers or accidents of the seas, and afterwards maintain it in good working order at its own expense.
- 3rd. That the proposed Subsidy shall be proportionably payable on the capital of the Company actually paid up and expended, and shall not exceed five per cent. on such capital; and the Contract for the manufacture and laying of the Cable shall be open to public tender, and the lowest tender accepted, the satisfactory nature of which competent Electricians in England shall determine.
- 4th. That no payment of such Subsidy shall be made until the line of Telegraph to be constructed has been in working order for three consecutive months, and such payments shall be made rateably only for the period during which the line so constructed is open for the transmission of messages, unless any interruption shall take place in consequence of war. A period of ninety days is, however, to be granted in every three years for executing repairs, without any deduction being made from the Subsidy.
- 5th. If such line shall be closed, unless by reason of war, or shall not be in a state of efficiency for the transmission of messages for any consecutive eighteen months, then the Contract with such Company shall be void.
- 6th. That a tariff of charges for the transmission of messages over such line shall be agreed to by the several contracting Governments and the Company before any Contract is entered into, and such tariff shall not afterwards be altered without the consent of the Governments. The tariff to be charged on the first opening of the line is not to exceed Two shillings and sixpence for every one hundred nautical miles, or any portion of such distance in respect of messages containing altogether twenty words.
- 7th. That in the event of the nett profits of the Company exceeding in any year the rate of fifteen per cent. per annum, whether derived from Subsidy or other sources, such excess shall be rateably applied to reduce the respective contributions of the contracting Governments.
- 8th. That an agreement be entered into between the Australian Governments (to which the Company shall not be a party), providing that each of the parties thereto shall contribute annually towards the whole Subsidy that is to be paid to the Company, in the proportion that the tariff value of their respective messages shall bear in every year to the total tariff, all the messages transmitted through the subsidised line in the same year.
- 9th. That the Company shall transmit all the messages of the Colonial and Home Governments