

without payment to the full extent of the Subsidy in each year, calculated at the tariff rates, but are to be paid for such messages as are not covered by the Subsidy. Should the Home Government not contribute to the Subsidy, the tariff messages sent by them will be placed to the credit of the Subsidy, and the difference only will have to be paid by the Colonies.

The substitution of Broad Sound for Brisbane will save 350 miles of sea line, but will not reduce the number of stations or the total working expenses. It will reduce the actual outlay by £70,000, which will bring it under £100,000 (*vide* Estimate), and will effect a saving in the Subsidy under the terms of the 3rd Resolution.

It is impossible to attract capital for investment in long Submarine lines without the expectation of large dividends, and I trust, Sir, that the terms asked for will not be altered. The names of the promoters are a sufficient guarantee that the best opinions have been taken.

They will select a Board of Directors out of their number so soon as they are informed that their proposition is entertained, and will raise the capital and be in a condition to let the Contract for the work within say two months of their obtaining the Subsidy. It will be made a condition with the contractors that the work be completed within two years.

When I was out in Australia the necessity for appointing a Colonial Agent in England to act in this matter seemed to be well understood. It is, indeed, evident that his services will be useful to obtain the concurrence of the Home Government, if that is required; also to carry out the precise intentions of the Colonies in the agreement with the Company, and to act on the Company's Board, at least until the work is completed, as the Official Director representing the Colonial interest.

I would beg to suggest, in conclusion, that such Agent have power to conclude the agreement with the Company without waiting for the concurrence of the Home Government, or in case of refusal, having to refer that refusal back to Australia. Only one-fifth of the line, the section between Java and Timor, will be outside Australian waters, and Her Majesty's Government has undertaken to complete the lines as far as Singapore. Her Majesty's Government will, no doubt, assist with ships to take additional soundings, and to pilot the Cable expedition.

The whole subject of Telegraphic communication with England was thoroughly discussed in all its bearings for a whole year during my visit to Australia, and I feel it is unnecessary for me to enter more fully into the subject.

I will, from time to time, inform you of the progress of our measures to lay a Cable between India and Singapore, and a new one thence to Java.

I have, &c.,

F. GISBORNE.

His Excellency Sir George Grey, K.C.B.

Enclosure 1 to No. 1.

ANGLO-AUSTRALIAN AND CHINA TELEGRAPH.

STATEMENT OF THE PROMOTERS.

The object of the promoters, who represent forty Banks and firms trading with China and Australia, are to establish telegraphic communication between India and Australia and between India and China, the effect of which will be to bring Australia and China into nearly instantaneous communication with India and with each other, and within, say, sixteen days of Great Britain, besides converting the communication, which is now once a month only to Australia and once a fortnight to China, into a weekly one to each country. When telegraphic communication is re-established between Egypt, or Turkey in Asia, and India, the communication between Great Britain, China, and Australia will be further reduced from sixteen days to about as many hours.

To carry out these objects it will be necessary to construct three lines of Telegraph.

1. To lay a submarine cable to connect Singapore with the telegraph system of India at Rangoon, the present terminus of that system, over a distance of 1,200 sea miles, with intermediate stations at Amherst (Moulmein), King Island and Penang.
2. To extend the cable from Singapore to Hong-Kong (Canton), via Sarawak, Labuan, and Manilla, a distance of 2,080 miles, or *vid* the French settlement of Saigon, a distance of 1,678 miles.
2. To extend the Dutch lines which connect Singapore with Batavia and the east end of Java, from that point to the terminus of the telegraph system of Australia, which at present is at Brisbane, on the eastern coast, but which is likely to be soon carried farther northward.

The distance from Java to Brisbane, *vid* Timor and the Northern Coast of Australia, is 3,024 miles.

Soundings have been taken between Rangoon, Singapore, and Hong Kong, also between Java and Brisbane, and they show that the different cables can be laid on a soft and uniform sea bottom, seldom exceeding fifty fathoms in depth.