

As regards the last section, that, namely, between Java and Queensland, action was taken upon it in 1860 by the Colonial Governments, as follows :—

The Legislature of New South Wales authorized its Government to subsidize the line to the extent of £9,625 per annum.

The Legislature of Victoria gave a similar authorization to the extent of £13,000 per annum ; and all the other Colonial Governments, except that of South Australia, promised proportionate contributions.

To the contribution of Victoria was annexed a condition that the Home Government should contribute something. The Victorian Government then offered to find half of the whole annual Subsidy that might be required, provided that Her Majesty's Government found the other moiety.

It would appear from a Minute of the Postmaster-General of Victoria, dated 16th day of June, 1860, that the Government of Victoria contemplated reducing its quota by the contributions of South Australia, Tasmania, and West Australia, which would leave the contribution of the Home Government to be reduced by the contributions of New South Wales (which had not required the co-operation of the Home Government), Queensland, and New Zealand.

The Government of South Australia refused to contribute, because it wanted the terminus of the Sea Line to be fixed at Cambridge Gulf, on the Northern Coast of Australia, instead of in Queensland.

Practically, however, the contribution of the Home Government was reduced to one-fifth of the whole subsidy.

The failure of the Red Sea Line prevented any further action being taken about the subsidies ; but on the 15th of last July the Promoters again applied to the Governments of Australia to revive them.

The Government of Queensland has since then expressed its willingness to contribute ; and that of South Australia now views the proposition favourably.

It is confidently expected that the next few mails will bring favorable answers from the other Colonies, and that the whole assistance required of them will be granted.

The length of the Submarine Line from the East Point of Java to the South-eastern Point of the Gulf Carpentaria will be 1,830 nautical miles, from that Point the Queensland Government will undertake the Land Line to Brisbane.

It would appear from the Admiralty Charts that the Cable can be laid in a depth of about fifty fathoms for nearly the whole distance.

The estimated Capital required to lay the Submarine Line is £710,000, and the Colonies are expected to pay an annual subsidy of five per cent. on four-fifths of that sum, or £28,400 per annum for thirty years from the completion and during the working of the Cable in return for the gratuitous transmission of State messages to that extent in each year, and with the right of fixing the tariff of State and private messages in conjunction with the Company, which amounts to a veto subject to arbitration.

As regards the remaining fifth of the Capital which Her Majesty's Government have been asked to deal with, the Promoters originally proposed that Her Majesty's Government should grant a subsidy of five per cent. per annum upon such fifth, upon the same conditions, *mutatis mutandis*, as the Colonial subsidies depend upon.

The result of the interview has, however, left an impression on the minds of the Promoters that Her Majesty's Government are indisposed to meet that proposal, but might not be unwilling to subscribe a portion of the Capital above mentioned.

The Promoters would regard such an arrangement as equally calculated to further their views.

They therefore desire respectfully to submit to Her Majesty's Government their readiness to give effect to the undertaking, provided the latter shall see fit to subscribe a sum equal to one-fifth of the Capital above mentioned, Her Majesty's Government receiving a proportionate share of the profits of the undertaking, but not participating in the Colonial subsidies, the sole object of which is to enable the remainder of the Capital to be raised. Should the late rapid rise in the price of Gutta Percha be maintained, the cost of the Cable may have to be increased by some £20,000.

The reasons which exist for asking Her Majesty's Government to contribute to the Java-Queensland Telegraph, some of which may be termed inducements, are shortly as follows ;—

1st. Victoria made such a contribution a condition to granting its proportion of the subsidy.

2nd. The Secretary of State for India has made the same condition to aiding or constructing the Rangoon-Singapore Telegraph, which is necessarily the first section of the proposed Telegraphic system.

3rd. The Australian Governments will require the assistance of Her Majesty's Government, which cannot be of any value without responsibility, in making the preliminary arrangements, and during the progress of the work.

4th. Her Majesty's Government will, by taking a share in the undertaking, acquire a right of control which will be of the greatest importance in all questions affecting the political interests of the Empire in the Southern and Eastern Hemispheres.

In the event of Her Majesty's Government subscribing a portion of the capital (say one-fifth of the whole), it would be conceded that they should appoint one-fifth of the Directors. And as a protection to public interests, there would be no objection to giving them extraordinary powers in time of war, as well as a veto upon the tariff of State and private messages, subject to arbitration, in conjunction with the other contributing Governments ; nor would there be any objection to giving the contributing Governments a compulsory power of purchasing the line, at say thirty years purchase of the nett average receipt for the three years immediately preceding the purchase.