

stating that the Netherlands Government had entered into a contract with the Promoters of the Anglo-Australian and China Telegraph, engaging to pay them an annual Subsidy of eight thousand five hundred pounds, as soon as they shall lay a new Cable between Batavia and Singapore.

In reply, I am to inform you that the Government of New Zealand learn with much pleasure that this great undertaking is progressing satisfactorily, but that they have nothing to add to the letter to you of the 4th November last, which crossed your letter, except that there is little doubt that the New Zealand Legislature will contribute a sum proportionate to the sums paid by the Australian Colonies, when the advance of the work is such as to justify that payment. This proportion will, of course, be comparatively very small until the line is extended to New Zealand.

I have, &c.,

W. GISBORNE,
Under-Secretary.

F. Gisborne, Esq., 6, Duke Street, Adelphi.

No. 5.

MR. F. GISBORN, TO GOVERNOR SIR GEORGE GREY, K.C.B.

6, Duke-street, Adelphi, London,
26th January, 1863.

SIR,—

I have the honor to annex copy of a letter, dated this day, I have addressed to His Excellency the Governor of Queensland, agreeing on the part of the promoters of the Anglo-Australian and China Telegraph, to adopt Van Diemen's Inlet in the South Eastern portion of Gulf Carpentaria as the terminus of the cable from Java, upon certain conditions as to the maintenance of the land line to Brisbane, which are stated in that letter. This will reduce the length of the sub-marine line to 1,865 nautical miles of distance, the total capital to £710,000, and the annual subsidy to £35,500.

You will observe, Sir, that that was the amount of subsidy agreed to in 1860, and I trust that no delay will now be interposed in carrying out the work. The Persian Gulf cable is being manufactured at the rate of fifty miles per week.

I have, &c.,

F. GISBORNE.

His Excellency Sir George Grey, K.C.B.,
Governor and Commander-in-Chief,
New Zealand.

Enclosure to No. 5.

MR. F. GISBORNE TO GOVERNOR SIR GEORGE F. BOWEN, QUEENSLAND.

6, Duke-street, Adelphi, London,
26th January, 1863.

SIR,—

I have the honor to acknowledge the receipt of your letter of the 13th November last, enclosing a minute of the Executive Council of Queensland, dated the 28th October last, relating to the establishment of Telegraphic Communication between Australia and England *via* Java and India.

The Company proposed to lay a Cable between Java and Broad Sound or Brisbane, but the minute in question very strongly insists upon "the economy, safety, and certainty of communication" to be obtained, by substituting an Overland Telegraph between Brisbane and Gulf Carpentaria for the portion of the Submarine Line south of Cape York.

I have the pleasure to inform you that, after mature deliberation, the promoters have determined to accede to the wishes of the Government of Queensland, in favour of the Overland communication, and will be ready to fix the terminus of the Cable at, say Van Diemen's Inlet, in the south-eastern portion of Gulf Carpentaria.

The length of the submarine line will thus be reduced to 1,856 nautical miles of distance, and the total capital to £710,000; the subsidy will thus be also reduced to £35,500 per annum.

In coming to this decision I have to state that the promoters cannot themselves undertake the construction of the overland line, and must secure the shareholders against loss in the contingency of this portion of the work not being completed contemporaneously with the laying of the Cable, or not being afterwards efficiently maintained. In either of these contingencies it is evident that not only would the capital invested in the submarine portion of the work remain unproductive, but great discredit would be thrown upon the whole communication, and public confidence be seriously