

SIR,—

Downing Street, 15th January, 1868.

I have the honor to acknowledge the receipt of your despatch No. 63 of the 15th July last, forwarding a copy of a resolution passed by the House of Assembly at the Cape of Good Hope, drawing the attention of Her Majesty's Government to the expediency of establishing telegraphic communication between Great Britain and the Australian Colonies by way of Gibraltar, St. Helena, and the Cape of Good Hope.

I caused a copy of your despatch and the resolution of the Assembly to be communicated to the Lords Commissioners of the Treasury; and I have the honor to transmit to you, for your information, a copy of the reply which has been returned by their Lordships, together with a copy of the Treasury Minute of the 10th of January, 1867, alluded to in their letter.

I have communicated copies of this correspondence to the Governors of the several colonies named in the resolution of the House of Assembly.

I have, &c.,

Governor Sir P. E. Wodehouse, K.C.B.

BUCKINGHAM AND CHANDOS.

TREASURY MINUTE, dated 10th January, 1867.

THE First Lord of the Treasury and the Chancellor of the Exchequer call the attention of the Board to the important question in regard to the extension of telegraphic communication which is likely to arise in consequence of the success which has attended the submerging of the Atlantic Cable of 1866, and the recovery and completion of that attempted to be laid in 1865.

It has already been intimated to Her Majesty's Government that it is in contemplation to form a Company for the purpose of laying a line of telegraph between this country and Gibraltar, and from thence to Malta. Between Malta and Alexandria there is already telegraphic communication by means of the Malta and Alexandria Telegraph Cable belonging to Her Majesty's Government, which is at present agreed to be leased for a term of 42 years to the Telegraph Construction and Maintenance Company. The lease it is intended should be transferred to the new Company, as well as the land line between Alexandria and Suez, originally belonging to the Red Sea Line, but now the property of the "Telegraph to India Company." From some point on the Red Sea, to which a land line will be laid, it is stated that the new Company will lay a telegraph cable to Aden, and from thence to Kurrachee, where the telegraph will become connected with the land lines of the Indian Government, which extend as far as Rangoon. From Rangoon it is proposed to carry a cable to Singapore, and, from that place, cables to China and Japan *via* Saigon, and Australia *via* Java and Copang.

Two other schemes for the extension of telegraphic communication beyond Rangoon have also been brought under the notice of Her Majesty's Government, namely, one by Mr. F. Gisborne, which involves, however, financial assistance on the part of the Government; and another by Mr. Seymour Clarke, for "a line of telegraph from Rangoon, through the kingdom of Siam to Singapore, from Malacca through Sumatra, Java, &c., to Australia, with a branch from Tavoy through Bangkok to Saigon, and thence, on the approval of France, through Cochin China to China Proper."

As, in the opinion of the Earl of Derby and the Chancellor of the Exchequer, the establishment between this country and India of an alternative line of telegraphic communication with that *via* the Persian Gulf, and the extension of such line to China and Japan on the one hand, and to the Australian Colonies on the other, is of great importance, they submit to the Board whether some encouragement may not be given for the formation of a Company or Companies able and willing to carry out so desirable an object. They are, however, decidedly of opinion that, looking to the great advance that has, within the last few years, been made in the art of manufacturing, laying, and repairing submarine cables, thereby increasing the confidence of the public in the permanence of such undertakings, they would not be justified in proposing that any assistance, either by way of subsidy or guarantee, should be given to any Company which may at the present time be formed for the purpose of establishing lines of telegraphic communication. They would, however, submit whether encouragement may not be afforded to Companies willing to lay lines of which the Government approve, by the Government causing surveys, where none now exist, to be made of the route along which it may be proposed cables should be laid; by rendering assistance to such Companies when laying the cables, by means of any of Her Majesty's vessels, in the same manner as was recently afforded by Her Majesty's ship "Terrible," in the case of the Atlantic cable; and by using the good offices of the British Government with any foreign Government upon whose territories it may be requisite to land cables or to lay land lines.

In any arrangement to be entered into with a Company, it should be distinctly stipulated that, while Her Majesty's Government claim no advantage as regard the rate of charge for Government messages, all messages transmitted by Her Majesty's Government shall have priority; and that, in certain contingencies, Her Majesty's Government should have the power of assuming possession of any telegraphic line upon payment of proper compensation.

My Lords entirely coincide in the opinions expressed by the Earl of Derby and the Chancellor of the Exchequer, and they will have them in view in the event of any arrangements being made with any Company or Companies for the purpose of laying telegraphic cables, or erecting land lines of telegraph. In the meanwhile, it appears to my Lords that it will be advisable to designate those lines of communication which they consider are most called for by Imperial and commercial interests, and towards the formation of which they are of opinion that the countenance and encouragement of Her Majesty's Government may properly be afforded in the manner indicated, namely:—

1. A direct line between Falmouth, or some other point on the coast of England, and Gibraltar, without touching anywhere between those two points.
2. A line between Gibraltar and Malta, without touching at any intermediate point.
3. A line between some point on the Egyptian territories, to be hereafter decided, and Aden, and from thence to Kurrachee, touching at the various points which may be thought requisite.