

yourself to the Treasury on the subject of the proposal of the Australasian and Pacific Company to enter into a contract for the conveyance of the Australian and New Columbian Mails.

I am, &c.,

F. HILL.

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No. 7.

THE POSTMASTER-GENERAL TO THE TREASURY.

General Post Office,
4th October, 1858.

MY LORDS,—

Referring to your Lordship's letter of the 11th ultimo, and to my reply, dated the 17th ultimo, I have now the honor to enclose for your consideration a Minute prepared by Mr. Rowland Hill on the subject of the proposed establishment of a second monthly postal communication with the Australian Colonies, *via* Panama, in whose views I beg to state that I quite concur.

I have, &c.,

COLCHESTER.

The Lords Commissioners of the Treasury.

Enclosure in No. 7.

POSTMASTER-GENERAL'S MINUTE, 27TH SEPTEMBER, 1858.

1. In my Minute of the 15th instant on the subject of the Treasury Minute of the 11th (referred to your Lordship for report) I recommended that the consideration of that part of the Treasury Minute which relates to an additional Postal Service to Australia, by way of Panama, should be postponed, in order to admit of the immediate call for tenders for the continuance of the service by way of Suez.

2. Your Lordship and the Treasury having been pleased to adopt this recommendation, and the advertisements for tenders having been issued, I now beg to submit my views on the proposed additional monthly service by way of Panama.

3. The question is divisible under two heads: 1st, whether it is necessary that the postal communication with Australia should be more frequent than at present, *viz.*, once a month? and 2nd, if so, is the Panama route best for the additional mails?

4. As regards the first of these questions, I need not remind your Lordship that the sea postage of all correspondence with the Australian Colonies, including New Zealand, falls very far short of the cost of even a single line of packets; such cost, under the late contract, having been £185,000 a year, while the total sea postage cannot be estimated at more than about £50,000 a year.

5. Having regard to the enormous additional loss which would result from the establishment of a second line of packets, and bearing in mind that the dissatisfaction so strongly felt both here and in Australia is not as to the infrequency of communication so much as to its irregularity, I am of opinion that the wishes of the public, whether at home or in the Colonies, would be more effectually met by doing all that is practicable to improve the existing monthly service than by doubling the frequency of communication.

6. As regards the second question, *viz.*, as to the best route for the additional line of packets (should Government decide to establish one) the points for consideration appear to be mainly as to the ports to which the distances shall be reckoned, and the comparative length of route.

7. The advocates of the Panama route generally select Sydney as the right port, but this is manifestly unfair, inasmuch as while by the Panama route it is the nearest of the continental Australian ports, by the Suez route it is the most distant. Neither can this port claim preference by amount of correspondence, since the enclosed statement of the correspondence between this country and the several Australian Colonies, including New Zealand, shows that that of New South Wales is only 23 per cent. of the whole, while that of Victoria is as much as 58 per cent. The latter Colony is also centrally situated, having Tasmania on the South, South Australia and Western Australia on the west, and New South Wales and New Zealand on the east. It is clear, therefore, that Melbourne is the port to which the distances should be reckoned.

8. It will of course be for the Admiralty to state exactly the comparative length of the two routes; but, from the best information I have been able to obtain, it appears that the distance to Melbourne is less by way of Gibraltar and Suez than by way of Panama, to the extent of about 1,500 nautical miles, making a difference, according to the average speed of the packets, of at least six days in favour of the Suez route.