

9. Though the contrary has often been assumed, even Sydney is nearer by the Suez route than by the Panama route, and that to the extent of about 300 nautical miles, so that the only Colony which would be brought nearer by the adoption of the Panama route is New Zealand, whose correspondence, however, amounts to only six per cent. of the whole.

10. The comparative absence of storms in the Pacific may, to some extent, counterbalance greater distance, but not, I presume, so far as to leave any doubt that the communication *viâ* Suez will remain the quickest, to Melbourne at least. This, however, is a point on which, no doubt, the Admiralty will report.

11. But, by the foregoing statement, the superiority of the Suez route is by no means fully shown, since, as respects the mails sent through France, the time is further shortened by four days and a half, while the Panama route admits of no such acceleration. The real advantage, therefore, of the Suez route, when speed is important, cannot be estimated, as regards Melbourne, at less than 10 days; and, as the saving, *viâ* France, of course, extends to all the Australian Colonies, it may be doubted whether even New Zealand would be materially benefited by adopting the Panama route.

12. Again, by a slight sacrifice of time (not more probably than one or two days), the Suez route might be made to take in either Point de Galle or the Mauritius; thus, in either case, affording important postal facilities, not only to the Colony so included, but also to this country and to the Australian Colonies in their correspondence therewith. The Panama route affords no similar facilities.

13. But the Suez route has also an important pecuniary advantage over that by Panama. Our mails are conveyed across the Isthmus of Suez by the Egyptian Government for a fixed annual payment, which amounts to not more than 4d. per pound weight; whereas the charge by the railway company for crossing the Isthmus of Panama is 11d. per pound, in addition to which we have to pay the local Government the exorbitant rate of 1s. an ounce for letters for the mere privilege of passing through their territory. These charges would add, say 2d., to the postage of each newspaper, and 6d. to the postage of each half-ounce letter; or, should the quarter-ounce scale be applied, then 3d. for each quarter-ounce letter, making a total charge of 9d., so that there could be no cheap mail by this route; the letters *viâ* Panama being all charged as highly as those sent through France.

14. There is still another circumstance which should not be overlooked in a comparison between the two routes. At both ends of the Suez route the electric telegraph is being rapidly extended. It already reaches from England to Malta, and, even if not yet completed, is in rapid progress from Sydney, *viâ* Melbourne, to Adelaide. Already, therefore, as regards the transmission of news, the distance to and from Sydney by this route is reduced by one-fourth, and supposing that at any future time the telegraph should be extended on the one side to Point de Galle, and on the other to King George's Sound (neither, perhaps, an improbable event), that distance would be so greatly reduced that Sydney would be brought (by telegraph) within 15 days of London.

15. The Panama route, at present, possesses no similar advantage, and, even if the difficulties of crossing the Atlantic be mastered, and the telegraph extended to Panama, there will yet remain the whole time occupied in crossing the Pacific, probably more than 30 days.

16. These several considerations appear to be conclusive as to the decided superiority of the route by Suez over that by Panama, and consequently, even if a monthly service be deemed insufficient, the additional packets should be placed on the Suez route.

17. Should similar views be adopted in the Australian Colonies, as I expect they will when the facts of the case are understood, the several Governments, excepting that of New Zealand, and, perhaps, that of New South Wales, will probably decline to provide their share of the cost of any service which may be attempted by way of Panama. It is very important, therefore, that, as indicated in the Treasury Minute, the concurrence of the Colonies should be ascertained before any tender is finally accepted.

18. But if, as fairness seems to require, it be made a condition of the tender that the total time from London to Melbourne *viâ* Panama, shall not exceed that which may be allowed *viâ* France and Suez, then it may be doubted if any responsible parties will be found to undertake the contract.

19. In another Minute, when submitting a letter from the Treasury on the subject of Postal communication with British Columbia, I propose to consider the question (raised in that letter) as to the best mode of conducting the service on this side the Isthmus of Panama; but as the effect upon the Australian service would be much the same whether one of the two monthly lines now existing be employed (and that service is so direct that little would, I presume, be gained by adopting another route), or whether a new and independent service be established, I do not consider it necessary to trouble your Lordship on this point at present.

20. Should your Lordship concur in these views, I would suggest that a copy of this minute, accompanied by a letter from yourself, expressive of such concurrence, be forwarded to the Treasury.

ROWLAND HILL.

27th September, 1858.