

No. 21.

THE POSTMASTER-GENERAL TO THE TREASURY.

General Post Office, 29th April, 1863.

MY LORDS,—

After the receipt of your Lordship's letter of the 30th ultimo, I had an application from Mr. Crosbie Ward and Mr. E. Hamilton for an interview with me on the subject to which your letter relates, and I postponed replying to you until that interview had taken place.

Having now seen these gentlemen, I am prepared to state my views.

I gather from the printed statements contained in Mr. Ward's letter of the 20th ultimo, and from their verbal communication to me, that what these gentlemen, as representatives—the first of New Zealand, and the second of New South Wales—desire is, that Her Majesty's Government should assist in establishing a monthly mail to New Zealand and Australia, *via* Panama, by paying half the cost of a packet service across the Pacific, and by agreeing to make no claim on the Colonies for the conveyance of the Australian and New Zealand mails by the packets between Southampton and Colon.

With such a demand I cannot recommend your Lordships to comply, since the cost would, in my opinion, greatly exceed the amount of benefit.

Should your Lordships adopt the same measure with regard to Australia and New Zealand which you have sanctioned in respect to China, the West Indies, and the Cape of Good Hope, by raising the postage from 6d. the half-ounce letter to 1s., the time is not, I trust, far distant when, without too great a tax on this country, it will be practicable to have an additional mail to Australia and New Zealand, and thus to render the service fortnightly instead of monthly; but when that period arrives, it will, I have no doubt, be found that the best way of accomplishing this object will be, not by establishing a new service *via* Panama, but by doubling the present service from Ceylon.

Except to New Zealand, which does not receive more than one-sixth part of the whole correspondence, the present route is the shortest; and when the railway is completed between Paris and Ancona, or Brindisi, the difference in its favour (should that railway be employed by this department) will be yet greater, and will be further augmented, and that very considerably, should a railway be laid down through the Valley of the Euphrates.

Melbourne, which, as the port and capital of Victoria, receives and despatches nearly one-half of all the letters between this country and Australia and New Zealand, is much the most important place to be considered, is, by way of Marseilles and Ceylon, 12,100 miles from London, while *via* Panama the distance is 15,300 miles. Measured in time, the first distance is at present 45 days, while by the Panama route it would probably be 58 days.

While the Marseilles and Ceylon route is thus much superior for letters, newspapers, and books, the superiority is still greater for telegrams. Indeed, for this latter mode of communication the Panama route offers no facility.

As regards expense, the main cost of the two routes must be determined by a comparison of the cost of a packet service from Panama with that of second packet service from Ceylon; and I feel no doubt that, if tenders for the two services were called for, it would appear that the cost of the Panama service would be much the greatest.

The present cost of the service between Ceylon and Sydney is rather less than £135,000 per annum; and I have good reason to believe that for a second service a much smaller sum would be demanded; whereas, when in the year 1859, tenders were called for, for a service between Panama and Sydney, the lowest of the only three tenders received, from what appear to have been substantial parties, required an annual subsidy of £140,000; the second, £165,000; and the highest, £220,000; and even on these large sums there must have been an increase, in order to provide for a continuation of the service to Melbourne and Adelaide at least.

In the 2nd paragraph of Mr. Ward's printed statement, that gentleman declares that the expense to New Zealand of the present service is quite disproportionate to the advantage received.

The reply to such a declaration is simply that no Colony is bound to continue a participation in the present service, and that New Zealand has but to notify its desire to withdraw from it, and to send its letters by private ship, or by other means of its own, and its release would be at once provided for.

Mr. E. Hamilton, at page 5 in his printed Statement, discusses the question of the amount of postage yielded to this country by the Australian and New Zealand mails, and of the extent of the loss to it which this service entails.

In his conclusions, Mr. Hamilton is very erroneous. The amount of sea postage last year, instead of being £45,000, was but little more than £33,000; and the loss to this country, in place of £45,000, was upwards of £70,000.

The statement made by Mr. Frederic Hill, and to which Mr. E. Hamilton refers, that experience shows that an increase in the number of mails to a distant place leads to a considerable increase in the number of letters, does not appear to me to be at all inconsistent with the opinion which he expressed on the same occasion, that it would not be expedient to establish an additional mail to Australia and New Zealand, *via* Panama; nor can I admit that there is anything erroneous in the Post Office assigning 1d. out of each rate of 6d. in the Australian postage to the inland duty of this country, 1d. to the inland colonial duty, and the remaining 4d. to the sea service.