

could be no doubt of the route being outward *viâ* the Cape, and homeward through Magellan Strait, coaling at St. Vincent. The question of first port of arrival and last of departure in the colony would probably (within specified limits) have to be left to the contractors, depending on the cargo each ship had on board.

4. *Number of Voyages.*

In the postal service I have assumed that you would require a four-weekly time table, as is now the case *viâ* both San Francisco and Brindisi. For a mercantile line it would be sufficient to have a monthly steamer, or twelve voyages in the year; but having regard to the fact that, while not less than five ships would be wanted for a monthly service, the same number could equally carry on a four-weekly service, I conceive that contractors would be as ready to do the one as the other, as each voyage would (if my calculations are not mistaken) show a profit.

5. *Capital required.*

As five ships would be required to perform the service, it will be seen that, supposing each to cost no more than £100,000, the enterprise would want a capital of at least half a million, of which, say, £300,000 could be in shares, and the rest raised by debentures. It would, however, be safer to put the cost of building at £110,000, and to have £350,000 in share-capital, which would allow an ample margin for construction.

II. AS TO WORKING COST.

1. *Consumption of Coal.*

A service at the speed I have named would not involve a consumption of more than 35 tons of coal per day. On the outward voyage, therefore, the ship would not have to take on board any more than 2,200 tons of coal, and for the homeward voyage she would take in perhaps 1,500 tons in New Zealand, loading up at St. Vincent. The cost of the outward and homeward coal would not much exceed £2,000 each way, depending on the price at which it could be put on board in the colony. I estimate, therefore, the cost of coal for the voyage out and home at something over £4,000.

2. *Portage bill.*

The cost of wages, &c., would of course be considerably less for a purely mercantile ship than for a fast postal service, and I think it would be sufficient to take it at £500 a month, or, say, £2,500 for the five months' voyage.

3. *Lights, Dock Dues, Loading and Discharging, Ship's Stores, &c.*

There would not be so much comparative saving in the light and dock dues, victualling, and other sailing charges; and it would not be safe to put this part of the ship's expenditure at less than from £5,000 to £5,500 for the voyage out and home.

4. *Insurance.*

The great difference in the cost of the ships, compared with those of a power required for a fast postal line, would of course materially reduce the item of insurance. You will have observed that I estimated it for the postal ships at £3,800 per voyage, and, as I dare say there would be a saving of £1,500 on the mercantile line, it would be a fair estimate to put this item at £2,300 for the voyage.

5. *Total Cost of the Thirteen Voyages.*

In the postal steamers I assumed that there would be seven voyages home with wool, and six with wheat. With a line at the lesser speed I think (though this is quite conjectural) it would be expedient to reverse the calculation, and take seven voyages home with wheat, and six with wool. But this supposition is only made in order to have a better check on the calculation of earnings. During most seasons the ships would very likely bring home both wool and wheat, and the difference in cost between loading with wheat compared to wool would be divided. Taking all the items of working cost together, I put down the total cost for the thirteen voyages out and home at very close upon £200,000.

III. AS TO REVENUE.

1. *Passage-money.*

(i.) *Cabin Passengers.*

I estimated that saloon passengers in a first-class mail steamer would be willing to pay £70 for their passage; but in the mercantile steamers I think it would not be expedient to calculate on more than £50. In the postal steamer I have taken the passage-money of the second cabin at £35; in the mercantile steamer it had better not be put at more than £30.

As to numbers, while I took fifty saloon and forty second-cabin passengers as a fair number outward in a mail steamer, and forty saloon and thirty second cabin homeward, I think it would be expedient not to assume, for the present at any rate, a much higher number for a mercantile steamer than thirty saloon and twenty second cabin outward, and twenty of each class homeward. It should be remembered that to people with whom price would not be so much an object a voyage to Melbourne or Sydney in a P. and O. or Orient ship, transshipping there to Dunedin or Auckland, offers attractions which would most likely take them that way in preference to what they would call a "long sea" voyage, even in a steamer with a speed of 10½ knots. But perhaps this prejudice would soon pass away with the greater number if the contractors (as would clearly be their interest) took pains to make the saloon passage really comfortable.

(ii.) *Steerage Passengers.*

As I have already said, I might assume that, whether a direct steam service was a fast postal one or only a mercantile one at the lesser speed, there would always be about the same number of steerage passengers offering, and no difference in the number of Government immigrants. Nevertheless I only propose to put down the number by each ship on the outward voyage at 200 instead of 300; and it would be better to estimate the number homeward at thirty instead of fifty.