

Colony is entitled to claim the redemption of the pledge which Mr. W. H. Stephenson admitted was given by the Treasury in the early part of 1859, to establish the Panama service, provided certain conditions, now fulfilled, were satisfied.

It is not, however, intended to press the claim now put forward by the Colonies of New South Wales and New Zealand, as one to which the faith of the Home Government is pledged, for it may be taken for granted that if the pledge has been given, it will be honorably fulfilled, and it is more to the purpose to endeavour to show,—

1. That the Australian Colonies are, by the extent of their trade, entitled to greater ocean postal facilities than they at present enjoy, and that the establishment of a service *via* Panama, is indispensable to New Zealand.

2. That the real cost of the service to Australia is inconsiderable, and that it constitutes a legitimate charge on the public revenue.

3. That, owing to the monopoly enjoyed by the Peninsular and Oriental Steam Navigation Company, the cost of the present branch service between Point de Galle and Sydney is higher than it need be, and that the most obvious means of reducing it is the establishment of a competing line.

As to the first point,—

In 1860, the value of the exports and imports of the Australian Colonies and New Zealand was nearly £49,000,000 sterling, of which the sum of £29,000,000 was the value of their trade with the United Kingdom. (*Vide* Statistical Tables relating to the Colonies, part VII.) These figures include no export of gold from New Zealand, which during the 16 months ending November, 1862, amounted to £2,000,000 sterling; and as this export must, at the lowest computation, have been balanced by a corresponding import of the same amount, the whole trade of the Australian Colonies and New Zealand for the year 1862 may be estimated at £53,000,000 sterling, and their trade with the United Kingdom at £32,000,000 sterling.

The postal requirements incidental to a trade of so much magnitude, and such expansive buoyancy, must necessarily be large, and, considering the remote and isolated position of these Colonies, it would not be surprising if the cost of maintaining even an inadequate postal service, such as the present, were very heavy; but the fact is that it is not so; and this arises from the circumstance that the Indian service is available for more than half the distance. What the precise amount of it is there is some difficulty in determining, for the last Report of the Postmaster General (the eighth) omits from the list of foreign and colonial services (pp. 34 and 35) the subsidies paid for the branch services to South Australia, Tasmania, and New Zealand. It may, however, be safely assumed that the gross payment by the Treasury does not exceed £90,000 a year; for the half of the whole subsidy paid for the main line is £67,336, the special payment by the Treasury on account of New Zealand is £13,000 (this amount is furnished by Mr. Crosbie Ward), and the special payments on account of South Australia and Tasmania are estimated at £9,664, making together £90,000, which is considerably less than one-tenth of the total amount of the subsidies paid by the Treasury on account of foreign and colonial postal services.

On reference to the eighth report of the Postmaster-General, it will be found that in the year 1861 there were ten different packet services. Of these, seven were supported exclusively by the Treasury; the cost of two, viz., the Indian and Australian, was divided equally between the Treasury and the Governments of these dependencies; and as to the 10th, viz., that to the Cape, the Colonial Government only contributed £6,000 out of a total charge of £33,000.

Of the seven services exclusively supported by the Treasury, it is only necessary to allude to two:—

£177,000 a year is paid to the Cunard Company for a weekly service to the United States, and £270,000 a year is paid to the Royal Mail Company for a fortnightly service ending at the Isthmus of Panama, and a monthly service to Brazil and the River Plate; and in both these cases, the trade for the requirements and development of which these heavy postal subsidies are paid, is substantially a trade with foreign countries, which, collectively, do not consume a larger amount of British manufactures than the Australian Colonies and New Zealand. The fact that these heavy charges are incurred by the Treasury in the interests of trade with foreign countries is most important, for it shows that postal subsidies are not favours arising out of the intimate relations between the mother country and its dependencies, but that they are acknowledged to be essential parts of the machinery by which the general commercial progress of the United Kingdom is maintained; in fact, a reproductive expenditure, or a price paid for increased returns.

With these precedents, it seems unnecessary to urge further that the establishment of a fortnightly postal service with Australia is due to the magnitude, and essential to the development of the trade between that country and the United Kingdom; but it may be observed that it is also necessary as the only means of reducing within moderate limits the consequences of accident and interruption to the service. In the month of December last, the steamer "Colombo," carrying the Australian mails, was wrecked on one of the Laccadive Islands, and the mails were not fully delivered for more than a month after time. The remittances and drafts forwarded by this mail were probably not less than £3,000,000, and as these are not only the means of paying existing obligations, but form the basis of new contracts even before maturity, the loss to the trade of the United Kingdom was, owing to the mails being despatched only once a month, suspension of payment of this large amount for 15 days, and a delay of an equal amount of fresh transactions for the same period.