

A question then arises as to the route of the second service, and this appears to be conclusively settled by the geographical position of New Zealand. The imports and exports of that Colony already exceed £6,000,000 sterling, and it would be difficult to prove that the injury done to any of the Australian Colonies by selecting the Panama route, would be comparable to that which New Zealand would sustain by establishing the second service on the Suez line; for the course of post, *via* Suez, between this country and New Zealand is five months; whereas, by the Panama route, New Zealand would gain a month, and the principal Australian Colonies would lose nothing.

It may be further observed, that it is most desirable to run a furrow across the Pacific, as the first step towards the reclamation and settlement of the fertile islands with which it abounds, and as a means of connecting the Australian Colonies and New Zealand with North and South America, between which countries it is certain that greater postal facilities would create a large commercial and social intercourse.

*As to the second point; viz., the real charge upon the Treasury.*

Though the nominal cost to the Treasury of the present monthly service to Australia is £90,000 a year, it is very materially reduced by the receipt of postage. But there is no means of determining the amount of the reduction with accuracy. Mr. W. H. Stephenson (Evidence, 557) estimates the whole postage received in 1859 on both sides from Australian and New Zealand correspondence at £90,000, of which at least £45,000 (probably more, for the outward correspondence is believed to be heavier than that from the colonies,) is received by the Post Office on this side. On the other hand, at p. 452 of the Report, a return from the Post Office is given estimating the amount of what is called sea postage, received on this side in the same year at £29,000, but in the absence of the data on which this estimate is formed, and without knowing the basis on which the proportion of sea postage is calculated, these figures cannot be accepted as correct, even if the distinction between sea and inland postage is admitted to be sound; for on referring to Mr. Hill's evidence (from 3,875 to 3,895) it will be observed that he claims, on behalf of the Post Office, 1½d. on every half-ounce of correspondence forwarded by packet ship to the United States; and throughout his examination he seems to be more solicitous about the net revenue earned than about the service rendered by his department. A correct apportionment of the various parts of the whole charge which is called postage, involves considerations of great nicety, which are beyond the purpose of this statement; but it is perfectly clear that in estimating the cost to the country of any postal packet service, that service must be credited with the whole postal receipts, less the mere cost of distribution, on the whole increase of correspondence which springs from the superior rapidity and regularity of the service itself. For these reasons it appears to me that in the absence of more definite information, the figures given by Mr. W. H. Stephenson (Evidence, 557) must be taken as correct for the year 1859, and from them I assume that the receipts in 1862 from sea postage alone, if calculated on a fair principle, must have amounted to £45,000; so that the actual charge on the Treasury for the Suez service to Australia and New Zealand did not, in the year 1862, exceed £45,000, and the excess of expenditure over receipts, according to the Postmaster-General (*vide* Eighth Report, p. 21, and note), is not to be considered a charge on the Post Office, but is incurred for naval and political purposes. Without adopting this departmental view of the matter, it is submitted that the outlay, in proportion to the trade which it supports and encourages, is not large, being less than 2s. 10d. per cent. on the value of that trade, which is but slightly in excess of the general average, for the net cost of the packet service in 1861 was £479,228, or more than 2s. 6d. per cent. on an export and import trade amounting to £377,000,000 sterling (*vide* Eighth Report of Postmaster-General, p. 21, and "Trade and Navigation," 1862).

As to the real cost of the second monthly service, *via* Panama, only an approximate estimate of it can be formed, for it is not improbable that with the prospect of collateral advantages and a considerable passenger traffic, the service may be undertaken for a very moderate subsidy, and the amount of receipts from sea postage is quite uncertain. On this latter point Mr. Hill expresses a very unfavourable opinion if the second service takes the Panama route (*vide* his Evidence, 4,140), but the reasons assigned are far from satisfactory, and it is directly at variance with his answer to the previous question, in which he says that the additional postal facilities which were afforded about 10 years ago, materially increased the amount of correspondence with Australia, and that experience has led him to believe that as regards distant places, frequency, rapidity, and regularity of communication are the real stimulants of correspondence. This is evidently the more correct opinion, and there can be no doubt that if the Panama service is efficient, the increase of receipts from correspondence will be at least as large as it would be if the second service were established on the Suez route.

It is understood that in some quarters subsidies for foreign and colonial postal services are viewed with disfavour, and the reason is, that the charge is palpable, while the indirect advantages lie concealed in the general results of increasing trade and enlarged resources. But it is submitted that the cost of these services is much exaggerated; for, as has been already pointed out, the accounts of the Post Office as to this branch of its receipts are kept, or at least are rendered, on a principle which deprives the service of its earnings; and it is not sufficiently borne in mind that in all cases, such as that of Australia and New Zealand, where the population is rapidly increasing, the cost is at its maximum at the time of the establishment of the service, and is subject to continual reduction by the progressive increase of correspondence; and, moreover, the expenditure is