

augment the expenditure. It may be very fairly questioned how far it is proper to employ such conveyances for postal purposes when the service can be equally well performed by other means of a much less expensive description. Such conveyances are already in use in certain districts, and unless considerable modification of existing terms can be obtained, it may be necessary to substitute these in every case for the more expensive conveyances, the latter being not at all essential to the due performance of the services. If it be found necessary or desirable to establish the means for carrying on a passenger traffic between certain districts of the country, there does not appear any reason why such should be made a charge upon the postal service, with which it has no necessary connection.

Another measure adopted with a view to reduce expenditure was the abolition of the commission of 5 per cent. allowed on the sale of postage stamps. This, from its nature, might be looked upon as a matter of very little consequence; yet, small as some of the items were, they amounted in the course of the year to a sum exceeding one thousand two hundred pounds. In other circumstances, it might not have been deemed advisable to disturb the arrangement; but, when the expense of the Department so greatly exceeds its revenue, it appears right and proper to embrace every legitimate opportunity of reducing the expenditure, that a more equable state of matters may be attained.

The Postal revenue for the year, including commission on money orders, was £47,939 7s. 9d.; in 1864 it was £40,800 0s. 10d.; being 17·5 per cent. increase.

The Postal expenditure for the year was £131,533 12s. 4d., and may be classed under the following heads:—

	£	s.	d.
Salaries	21,887	15	4
Contingencies	6,454	1	10
Conveyance of Inland Mails	26,925	9	10
Inter-Colonial Mail Services	21,675	0	0
Inter-Provincial do.	29,669	13	4
Contribution to Suez Line	16,771	12	0
Demurrage	5,150	0	0
	£131,533	12	4

Panama Service.

This great undertaking may now be said to be accomplished, as before this Report will be submitted the first of the line of steamers in that service will have left our shores in prosecution of the enterprise. The Papers laid on the Table of the House will show the various steps that have been taken since last Report in furtherance of the scheme. The first vessel, the “Kaikoura,” sailed from Sydney on the 15th, and from Wellington on the 24th of June. The second, the “Ruahine,” will leave Sydney on the 15th, and Wellington on the 24th of July. The “Rakaia” is to leave Panama for the first outward voyage on the 24th of June, and is expected to reach Wellington on the 21st of July, and to return with the August mails for Panama. After the month of July, the time of sailing will be changed to the 1st from Sydney, and the 8th from Wellington, which will afford a much more satisfactory division of the month betwixt this line and that *via* Suez. Some minor details have yet to be arranged between the Governments of New South Wales and New Zealand, but the leading features of the service have all been agreed to by both, so that no further difficulty is anticipated in regard to carrying out successfully and permanently this great work. The P.N.Z. and A.R.M. Company have gone into the measure with great energy and zeal, and have commenced to carry out their part of the service in the most satisfactory manner. The vessels provided seem to be every way adapted to the nature of the work they are required to perform, and all the arrangements of the Company seem to augur well for the success and prosperity of the undertaking. Further experience of its working may call for alterations in some of the details of operation, and should such be necessary they will doubtless tend to render more effective and complete what can only yet be regarded in the light of a great experiment. Two mail officers have been sent in the “Kaikoura” to Panama, one of whom, Mr. Elliott, the Secretary to the Department, will make arrangements for the transit and distribution of the mails at Panama and Colon.

JAMES PATERSON,
Postmaster-General.

RETURN showing the Number and Value of POSTAGE STAMPS printed during the Years 1862, 1863, 1864, and 1865.

	1862.		1863.		RATE OF INCREASE.	1864.		RATE OF INCREASE.	1865.		RATE OF INCREASE.
	No.	Value.	No.	Value.		No.	Value.		No.	Value.	
		£		£			£			£	
At One Shilling	47,760	2,388	90,720	4,536	...	143,280	7,164	...	159,120	7,956	...
At Sixpence	663,840	16,596	478,320	11,958	...	950,400	23,760	...	548,400	13,710	...
At Fourpence	...	...	...	...	...	...	...	...	436,800	7,280	...
At Threepence	120,000	1,500	...	...	...	...	...	...	121,920	1,524	...
At Twopence	819,120	6,826	1,710,240	14,252	...	1,892,400	15,770	...	1,998,000	16,650	...
At One Penny	148,080	617	326,640	1,361	...	457,920	1,908	...	774,960	3,229	...
	1,798,800	£27,927	2,605,920	£32,107	14·96	3,444,000	£48,602	51·37	4,039,200	£50,349	3·6