

and San Francisco, shall be delivered in thirty-two days and a half; and the time now occupied between San Francisco and England may be stated at nineteen days. There is, however, reason to believe that the latter time will be reduced by improved arrangements which are contemplated for the conveyance of the mails across the continent, by the present railway route through the United States; and a much greater reduction is likely to result from the mails being forwarded by way of Halifax to Chicago, as soon as the connecting railway is finished. It is fairly to be supposed that, by the new route to and from Halifax, mails will be carried between England and San Francisco and between San Francisco and England in sixteen days. Thus, there is offered a mail service occupying at present between Melbourne and England fifty-one days and a half, with the almost certainty of a speedy reduction to forty-eight days and a half, as against the P. and O. Company's contract time of fifty-four days from Melbourne to Southampton.

You will, I think, agree that the comparison between the route *via* San Francisco and that *via* Suez and Southampton is not an unfair one, when I remind you that two-thirds of the letters from these colonies for Great Britain, by the Suez route, are sent by way of Southampton, and only about a third by way of Brindisi.

In considering the question of subsidizing the San Francisco route, it is submitted that the Government of Victoria should duly estimate the value of the line to the Colony as supplying means of direct communication with the United States. I have authority for stating that it was the establishment of this line which turned the attention of wool dealers and manufacturers in the United States to direct purchases in these colonies. Victoria has during the last few months been enabled to judge of the effect upon the value of wools which has resulted from the initiation of this movement; but I believe that the effects known are insignificant in comparison with those which may fairly be anticipated, if the communication now established be maintained.

There is a strong probability that the American duties on Australasian wools will soon be very much reduced. It was one of the objects of my visit to the United States last year, and it has throughout been made a prominent subject of consideration in the arrangements with Mr. Webb, that every legitimate exertion should be used to induce the United States Legislature to reduce the wool duties. There is reason for believing that the exertions made will be successful. The subject is now engaging the attention of the United States Legislature.

But even with the present rates of duty, dealers and manufacturers in the United States will find advantage from themselves purchasing wools in the markets of Australasia; for not only will they gain by direct shipments, in lieu of the re-shipment necessary in England, but they will avoid the enhancement of price which results from the special additional duty which the United States tariff imposes upon wools the product of the Australasian colonies, which are re-shipped from England to the United States.

If communication for postal and mercantile purposes is maintained, the constant presence of American wool-buyers in these markets may, I think, be relied upon. Mr. Webb is able to send wool from the port of Melbourne to New York at a cost not much in excess (when the saving of interest is taken into account) of the present freight from Melbourne to London. Besides, much of the wool purchased here will no doubt be sent by sailing vessels direct to New York or Boston.

It would be difficult to exaggerate the effect which direct purchases by Americans in these markets will have in maintaining and increasing the value of one of the principal products of Victoria. Not only will they enable much of the wool to be sold in the colony, at prices equal to those which would be realized in London, without the expenses for freight and sale having to be deducted; but such purchases will have the effect of keeping up prices in England, by leaving the wool-producers of the colony more independent than they have hitherto been of a single monopolizing market. Indeed, the amount of the subsidy now proposed is trifling when compared with the amounts which have been, and which will continue to be, made in the colony through the increased price obtained for wool, consequent upon the establishment of the mail service *via* San Francisco.

I submit, therefore, that the San Francisco service should be supported by Victoria in consideration of the direct benefits it has conferred, and must continue to confer, on the colony. But it may also properly be urged that New Zealand has some right to claim from Victoria assistance in the establishment of a steam mail service to Great Britain. For years past, New Zealand has contributed her rateable proportion towards the line between England and Melbourne; whilst she has been left unaided—except as regards very small contributions from the Home Government—to maintain the necessary services from her ports to Melbourne and to Sydney, neither Victoria nor New South Wales having made any contributions in aid.

The services subsidized by New Zealand have, moreover, had the effect of throwing an immense trade into Victorian channels. Statistics, which have been accurately prepared, show that during the ten years, 1861 to 1870, inclusive, the total value of imports into New Zealand was £52,580,000, of which amount goods to no less a value than £25,310,000 were from Australia; the imports from Victoria alone amounting to £15,444,000. Thus, during the ten years named, Victoria supplied nearly one-third of the total imports of New Zealand. In addition, exports from New Zealand to Great Britain, to a very large amount, have found their way to their destination through Victoria.

It is submitted that, in view of the facts stated, Victoria owes it to New Zealand, as a matter of reciprocal obligation, to aid in the permanent establishment of a line calculated so largely to benefit both colonies.

I desire to point out, that the route from Melbourne to San Francisco *via* Auckland and the Navigator Islands, is not longer than, if so long as, the route *via* Sydney, Moreton Island, and the Fijis, as proposed to the recent Conference, whilst the navigation is much easier.

As a proof of the desire which has been evinced in Victoria to use the line, I may mention that two-thirds of the letters for America which have been carried by Mr. Webb's boats, have been sent from Melbourne.

The Hon. the Chief Secretary, Victoria.

I have, &c.,
JULIUS VOGEL.