

refrigerated butter has begun, and no one will say that New Zealand cannot produce as good butter as Australia; while, as to our power of competing with the States in dairy produce, it is enough to say that fine butter is quite as dear in most parts of America as it is in England, and that it is the manufacture of oleo-margarine, suetina, and other spurious butters which is increasing there at such a prodigious rate, not genuine butter, such as New Zealand could send home.

Then, as regards meats, the English deficiency exceeds 600,000 tons. There came from the States in 1881 nearly 715,000 cwt. of fresh meat, about the same quantity of preserved, and 759,000,000 lbs. of bacon and hams. The competition of New Zealand with America in this trade will be met by adverse conditions of freight, because fresh meat is now brought across the Atlantic for rather less than 1½d. per lb. But in the metropolitan meat market, only the other day, the wholesale salesmen were getting 10½d. and 11d. for American fresh meats, and but for that supply it was said that meat would have been selling in London at half-a-crown a pound. Now Australia and New Zealand together could spare 2,000 tons of meat a day, without reducing the capital number of their sheep and cattle: and it is certain that, for any meats New Zealand could send, there would be an ample market here.

Carrying on the comparison between sailing ships and steam in the homeward trade, and applying it for instance to the shipment of wool from Australia, I find that, out of a total shipment of rather more than 2,622,000 bales from the same three Australian Colonies I have named, and during the three years 1879–81, only about 290,000 bales were sent by steam; but the annual growth of the percentage of steam tonnage to the whole is shown by the fact that, whereas in 1879 only 62,000 bales came to England by steam, in 1881 there were more than 119,000 bales, increasing the percentage of steam to the whole from 7.47 per cent. to 12.79 per cent. And as regards shipments of wheat the proportion that is being sent home by steam is now about 10 per cent., with a certainty of increase.

At the Cape steam is fast superseding sailing ships altogether. Two rival companies divide the principal trade, though there are private steamers besides. Only one of them has the Cape Government's immigration contract, but the payment for carrying the mails is shared between the two. Each company sends a mail ship out every fortnight, but they run a weekly ship against each other, and in competition with private rivals. The mail ships can steam 13 knots; and, the contract time being twenty-six days, while the steamers have done it in eighteen, the Cape has to pay very large sums by way of bonus for undertime, raising the cost of carrying the mails by sums varying from £60,000 to £100,000 in the year: this, however, will soon be remedied, as the contract expires in 1883. There are not many days a week now in which a steamer from Europe does not arrive at Capetown. It would be difficult to estimate the change that has been made, by the establishment of steam, to all the settlements of South Africa.

The aggregate declared value of exports from the United Kingdom to the entire group of Australasian Colonies for the last eleven years shows that, whereas in 1870 the amount was under £10,000,000, it had gone up in 1880 to more than £17,000,000, and reached in 1881 a total of £22,615,000, being an excess of 5½ millions over the preceding year. The rapid multiplication of steamers now taking place in the carriage of this vast total of merchandise has for some time past attracted the serious attention of shippers; and it is expected, in quarters best able to judge, that there will soon be as keen a competition for freight by steamers as was ever seen in sailing vessels. The total amount of net register tonnage cleared out during 1881 for Australian ports (excluding vessels for Indian ports taking cargo for transshipment at ports of call, but including P. and O. and other steamers which, though calling at Indian ports, cleared for and proceeded to Australian ports) was over 696,000 tons, being by far the highest ever recorded, and showing an increase of 144,000 tons (25 per cent.) over the preceding year, 1880. And the proportion of steam to the aggregate tonnage is growing every day. There are now twenty-eight steamers, having a tonnage of close on 99,000 tons, with horsepower (indicated) 70,000, on the berth for Australian ports, to sail between now and the middle of July. This increase in the steam trade to the Southern Colonies, indeed, is only a part of the prodigious development of the steam marine which is now taking place throughout the Empire, and is sure to embrace New Zealand before long.

CONCLUSION.

It may be convenient, in conclusion, to bring together the broad points of difference in the preceding comparison between a postal and a mercantile service.

As regards construction, the postal steamer would cost £45,000 or £50,000 more to build, calling for a larger capital by a quarter of million, and requiring £20,000 a year more for boiler fund and depreciation, to say nothing of interest on capital.

As regards working cost, the postal line would burn £45,000 worth more coal, and have to pay £55,000 for going through the canal; making in these two items alone a difference of £100,000.

As regards revenue, while the postal line would earn perhaps £80,000 more passage-money and freight, the working expenses of the mercantile would be less by at least £150,000 a year.

The general result of the comparison is that, although a postal line would probably earn as much as £360,000, its working expenses would come to nearly as much, leaving hardly anything for either boiler fund or interest on capital, and it would certainly require a subsidy far exceeding £100,000 a year; while a mercantile line, though only earning £285,000, would have at the end of the year £85,000 over working expenses, enabling enough to be laid by for boiler fund and debenture-interest, and only requiring a subsidy of about £10,000 to pay a dividend of 7½ per cent. to the shareholders.

Before closing this letter I must not omit to refer to the question whether there could be any extension of existing Australian lines to New Zealand. The only two English lines at all capable of it are the P. and O. and Orient; and the matter may be disposed of in a few words by saying that no subsidy you could entertain would tempt either of them to undertake it at present. The P. and O. have lately sent one of their inspectors to New Zealand to get special information, but they have no intention of extending anywhere just now, whatever might happen by and by; and as for the Orient, they have as much as they can manage with their growing Australian trade. The chief point, indeed, is that, in order for any extension at all to succeed, it must take place from Melbourne, as neither postally