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NINTH REPORT
OF
THE POSTMASTER GENERAL,
ON
THE POST OFFICE.

Presented to both Houses of Parliament by Command of Her Majesty.



LONDON:
PRINTED BY GEORGE E. EYRE AND WILLIAM SPOTTISWOODE,
PRINTERS TO THE QUEEN'S MOST EXCELLENT MAJESTY.
FOR HER MAJESTY'S STATIONERY OFFICE.

1863.

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NINTH REPORT.

TO THE RIGHT HONOURABLE THE LORDS COMMISSIONERS OF
HER MAJESTY'S TREASURY.

MY LORDS,

I HAVE the honour to present to your Lordships the Ninth Annual Report on the Post Office, being that for the year 1862.

I trust you will find the general results satisfactory. While the public accommodation has been increased, the net revenue has also increased; the augmentation of the gross revenue having been considerably greater than that of the expenditure. General progress.

Inland Service.

By substituting Road Letter Boxes, the number of Post Offices last year was diminished by 89, making the present number 11,316, of which 808 are Head Offices, and 10,508 Sub-Offices. Post Offices. On the other hand, the number of Road Letter Boxes was increased by 511. Thus the whole number of public receptacles for letters is now 14,776, as compared with 14,354 last year, and with little more than 4,500 before the establishment of Penny Postage.

The Post Offices which were in the course of construction at Leeds, Perth, Dundee, Greenock, and in the Southern Division of London have been completed, and large improvements have been made in those at Manchester, York, and Hereford. Preparations are making for new Post Offices at Exeter, Halifax, and Carlisle, and for three district Offices at Liverpool.

New Post Offices have been provided or large improvements made in existing Offices by the Postmasters of Chester, Hereford, Maidstone, and Paisley, and of many other smaller towns.

There have been further improvements in the Chief Office at St. Martin's-le-Grand, and in some of the suburban Offices, partly to provide for the constant and rapid increase of business in the London District, within which, during the last year, more than 11,000 new houses were built, viz., about 2,300 within the town limits, and more than 9,400 in the suburbs.

Free deliveries. At nearly 700 places free deliveries were last year established for the first time; and at 190 other places the free deliveries were extended in their area, increased in number, or otherwise improved.

Nearly 94 per cent. of the letters, newspapers, and other postal packets delivered in the United Kingdom are now conveyed without any charge (beyond the ordinary postage) by letter-carriers and rural messengers to the houses of the addressees; and this proportion is steadily increasing.

Rural Posts. Rural Posts have been established in many parts of Wales and the South of Ireland, which previously did not enjoy this accommodation; and in other districts these posts have been improved and extended.

Day Mails. During the last year 97 towns, including many in South Wales, were provided with Day Mail Communication with London, Dublin, or Edinburgh; such communication being in several instances the third, or even the fourth, during the 24 hours.

Of 530 towns in England and Wales having Head Post Offices, 331, in addition to a Night Mail in each direction, have now a Day Mail to London and 444 a Day Mail from London; 40 of these towns receive, and 57 of them despatch three London bags daily; five receive, and twelve despatch four London bags daily; and three receive, and five despatch five such bags daily.

Other improvements in Mail Service.

Postal communication between provincial towns has also, in many instances, been made more frequent. Between Manchester and Liverpool there are now not fewer than eight mails in each direction daily.

There has been an acceleration in the Day Mail from the West of England, rendering practicable a much later despatch of letters at Bristol, Bath, Cheltenham, Gloucester, Reading, Stroud, and many other places.

The acceleration of the Day Mail from the North of Scotland, mentioned in the last Report, has been effected; and in connexion with this acceleration a convenient mid-day despatch from Liverpool and Manchester to London has been established; an improvement urgently desired by the merchants of those towns.

A great acceleration, moreover, has taken place in the communication, *via* Holyhead, from Scotland and from many towns in the north of England to Ireland.

A considerable improvement has been made in the postal arrangements of many parts of Scotland, and an important acceleration in the communication of Edinburgh, Glasgow, and many other towns in Scotland, with towns in the North-eastern parts of England.

A contract which the Post Office has at length been able to enter into, on suitable terms, with the Waterford and Limerick Railway Company, has enabled the Department to establish between those towns a new Railway Service, which has long

been desired, and which confers many advantages, extending, in the neighbourhood of Limerick, to not fewer than fifty Sub-Offices.

Improvements have also been made by using the railway between Athlone and Castlerea for the Night Mail, and that between Longford and Sligo for the Day Mail.

Travelling Post Offices are now in use on most of the Railways by which mails are conveyed to and from London; and there can be no doubt that they have aided materially in effecting, among other improvements, an earlier delivery of letters in London and its neighbourhood.

Travelling
Post Offices.

During the past year, general agreements for the use of all their trains were entered into with the London and South-western, the South Wales, the Waterford and Limerick (as already mentioned), and four other smaller Railway Companies; making the whole number of such contracts 32.

General agree-
ments with
railway com-
panies.

One satisfactory result of these contracts has been a great decrease in the number of contentions, to be decided by arbitration, regarding the amount of payment for Railway service.

The mail-bag exchanging apparatus is now used at more than 100 railway stations.

Exchanging
apparatus.

In London new Mail Vans of a better construction have been brought into use.

The subjoined table shows that the distance over which Mails are now conveyed within the United Kingdom by Railways, Mail Coaches, Mail Carts, Steam Packets, Boats, and Foot Messengers, is nearly 160,000 miles per day; being upwards of 7,000 miles more than at the end of 1861. This increase is principally in railway conveyance:

Distance that
Mails are now
carried; with
cost of con-
veyance.

1862.

	Mails conveyed by Railways.				Mails conveyed by Mail Coaches, Omnibuses, Mail Carts, &c.*			
	Number of Miles per Week Day.	Average Charge per Mile.	Maximum.	Minimum.	Number of Miles per Week Day.	Average Charge per Mile.	Maximum.	Minimum.
ENGLAND	37,888	s. d. 0 6 $\frac{1}{4}$ †	s. d. 3 2 $\frac{3}{4}$ †	½	20,325	d. 3	s. d. 1 0	{ Exemption from Tolls.
IRELAND	4,645	0 11	4 1	½	8,277	1 $\frac{3}{4}$	0 7 $\frac{1}{2}$	{ Do.
SCOTLAND	7,249	0 7	4 0	½	4,769	3	0 6 $\frac{1}{2}$	{ ¼d.
UNITED KINGDOM }	49,782	0 6 $\frac{3}{4}$	4 1	½	33,371	2 $\frac{1}{2}$	1 0	{ Exemption from Tolls.

* These distances are exclusive of the conveyance of mail bags from one part of a town to another.

† In calculating these amounts, the payment to the Chester and Holyhead Railway Company has been omitted, as only part of that payment is for postal service.

(continued)

		Mails conveyed on Foot.*				Mails conveyed by Packets and Boats between different Places in the United Kingdom.			
		Number of Miles per Week Day.	Average Charge per Mile.	Maximum.	Minimum.	Number of Miles per Week Day.	Average Charge per Mile.	Maximum.	Minimum.
ENGLAND	-	52,141	d. 1½	d. 4½	d. ¾	1,169	s. 0 6½	d. 2 0½	{ Exemption from Tolls. d. ¼
IRELAND	-	8,680	1¼	2	¾	63	0 1½	0 8	¼
SCOTLAND	-	11,784	1½	3	¾	1,613	0 4½	1 10½	¼
UNITED KINGDOM }	-	72,605	1½	4½	¾	2,845	0 4¾	2 0	{ Exemption from Tolls.

Letters, Newspapers, and Books.

Number of
letters.

The following table shows the number of letters delivered in the United Kingdom during the last year, and the proportion of letters to population †:—

	Number of Letters in 1862.	Increase per Cent. § on Number in 1861.	Proportion of Letters to Population.
ENGLAND - - - -	497 millions	About 2¼	24 to each person.
IRELAND - - - -	51 "	" 2	9 to each person.
SCOTLAND - - - -	57 "	" 1½	19 to each person.
UNITED KINGDOM - -	605 "	" 2	21 to each person.

As compared with 1861, the total shows an increase of 12 millions and as contrasted with the year previous to the intro-

* These distances are exclusive of the conveyance of mail bags from one part of a town to another.

† In calculating these amounts the payment for the Holyhead and Kingstown Packets has been omitted, as only part of that payment is for postal service.

‡ This table is to some extent an estimate, being the result of a calculation founded on a record of the actual number of letters delivered in one week of each quarter in the year. At page 30 in the Appendix will be found a statement of the estimated number of letters in each year since 1838; and at pages 31 and 32 an estimate of the number of books and newspapers during each of the last six years.

§ The rate of increase is calculated from the numbers given with greater minuteness in the table at page 30.

|| At Liverpool and Birmingham the proportion is as high as 30 letters to each person, at Bristol 35, in Manchester 38, in Dublin 39, in Edinburgh 41, and in London 49.

duction of penny postage (1839), an increase (omitting franks) of 529 millions; making the present number of letters very nearly eight-fold the number in 1839.

It will be seen by the following table, showing the rate of increase during the last five years, as compared in each instance with the rate in the foregoing year, that the augmentation last year was unusually small. Nevertheless the accumulated increase is so great, that in the London District alone the number of letters is now nearly double that which (before the adoption of penny postage) was delivered in the whole of the United Kingdom, London included; this aggregate number being now nearly equalled by the mere local letters in the London District:

1858	-	-	-	-	3½ per cent.
1859	-	-	-	-	4½ „
1860	-	-	-	-	3½ „
1861	-	-	-	-	5½ „
1862	-	-	-	-	2 „
Average annual increase about					<u>3½ „</u>

While the increase in the number of letters generally has been small, the increase of printed circulars has been unusually great, amounting last year (so far at least as the London Office was concerned) to more than 11 per cent. It was remarked, that in relation to the Lambeth Election, there were as many as 40,000 circulars posted in a single day.

Nearly half a million of letters passed through the temporary Post Office which was provided in the building for the International Exhibition last year. International Exhibition.

It was stated in the last Report that owing to the failure of the frequent appeals made by this Department to the senders of letters containing money or other articles of value, always to register such letters, for the sake not only of the senders but of the letter carriers and other persons through whose hands they must pass, it had been resolved to make the registry of such letters compulsory; further, that it had been determined to reduce the registration fee from 6*d.* to 4*d.* Last August the latter arrangement was, as regards inland letters, carried into effect, and a beginning was at the same time made in the matter of compulsory registration by requiring that all inland letters passing through the London Office and containing coin should be registered, with a provision that when such registration was not made on the application of the person who posted the letter, the Department should make it without application, and charge a double fee; such fee, however, to be of course Registered letters.

returned whenever it might be shown that the letter did not really contain coin.

The result of these alterations has been highly satisfactory. Under their operation there has been an increase in the number of registered letters passing through the London Office (where alone these measures have as yet come into joint action) of not less than 37 per cent. as compared with an increase in the corresponding period of 1861 of about 4 per cent. only.

The number of letters compulsorily registered during the same period was upwards of 58,000, which is rather more than one in ten of the whole number just referred to.

Concurrently with this increase in registration there has been a great diminution in applications for missing letters containing coin, the number at the London office having been reduced by more than one-half; and a still more cheering result appears in the fact, that while in the last quarter of 1861, four London letter carriers were convicted of stealing cash letters, in the corresponding quarter of 1862 not one was even charged with such an offence.

It is satisfactory to be able to report that the regulation regarding compulsory registration was carried into effect with the general acquiescence, apparently, of the public; the rule having caused but few complaints. With your Lordships' approval, I propose soon to extend the regulation to other parts of the country.

As frequently notified, the Post Office does not undertake, even when a letter is registered, and when its conveyance is confined within this country, to give absolute security for its delivery with its contents untouched; since to do so, would require an alteration in an Act of Parliament, and would expose the Office to the same kind of frauds, by collusion, as were formerly frequently practised in the case of money orders; but how great the security obtained by registration really is, may be gathered from the following statement:—During the last half of 1862, out of about 900,000 registered letters posted in the United Kingdom, whether for delivery at home or abroad, the whole number lost was only 12, viz., seven inland and five foreign or colonial letters, although there were some other letters which it was declared had been opened. The bank notes, coins, or other available property stated, upon what was considered good evidence, to have been contained in the last mentioned letters, amounted to less than 200*l.* (62*l.* of which was in letters passing between this country and places abroad), while the total amount of such property in the 12 lost letters was only 9*l.* 5*s.* 6*d.*

Not only the public, but the letter-carriers and other officers of the Department, are benefited by any arrangement to dimi-

nish the temptation to theft, or, where that temptation proves irresistible, which serves to fix the guilt on the right person. This object is promoted not only by the plan of registration, but by what is called restrictive sorting, a mode of proceeding which, while attended with some loss of speed, reduces the number of hands through which any letter has to pass, and increases thereby the means of tracing it. This way of sorting, which has been found effective, in the manner indicated, has, during the last year, been much extended.

The number of newspapers delivered last year was nearly 73,000,000, which is about half a million more than in the previous year; and the number of Book Packets was rather more than 14,000,000, being an increase upon the previous year of about 1,700,000, or nearly 14 per cent.

Newspapers
and Book
Packets.

Erroneous reports having been circulated regarding the treatment of letters which have been insufficiently or wrongly directed, I have inserted in the Appendix the regulations really adopted in such cases. A perusal of them will, I think, show that these letters, far from being treated with heedlessness, have an amount of trouble expended upon them which, considering that the time of the Department is the property of the country, ought scarcely to be given, (to make up for what arises generally from the carelessness of the writers,) without an additional charge.

Insufficiently
and wrongly
directed letters.

Hitherto there seems to be no tendency to abandon the old practice of sending Valentines. Last year the number of Valentines which passed through the London Office was upwards of 430,000, showing an increase of more than 20,000 upon the previous year; and in the present year there has been a further and yet larger increase.

Valentines.

It is found that more than 91 per cent. of the inland letters are sent in envelopes; but the number of foreign and colonial letters so despatched is, as might be expected, smaller; being about 65 per cent.

Letters in en-
velopes.

Money Orders.

During the last year, 134 additional Money Order Offices were opened in England and Wales, 23 in Ireland and 8 in Scotland; 8, however, having been closed for want of business. Thus the whole number of Money Order Offices in the United Kingdom is now 2,879.

Money Order
Offices.

We also exchange Money Orders with Canada, Victoria, Western Australia, South Australia, Queensland, New Zealand, the Cape of Good Hope, Gibraltar, and Malta; and shall soon do so with New South Wales and several other Colonies.

Money Order
system with
colonies.

Number of
Money Orders,
&c.

The following Table shows the number of Money Orders issued during the year, with other particulars :*

INLAND.

—	Number of Money Orders issued.	Amount.	Increase per Cent. on Amount.	Commission.	Proportion of Money Orders issued to Population.
		£		£	
ENGLAND and WALES -	6,444,531	13,459,575	7½	114,625	About 1 to every 3 persons
IRELAND - - - -	533,917	1,069,958	8	10,352	" 1 " 11 "
SCOTLAND - - - -	608,597	1,231,726	11½	10,691	" 1 " 6 "
UNITED KINGDOM - -	7,587,045	15,761,259	8	135,668	" 1 " 4 "

COLONIAL.

—	Half the Number of Orders Issued and half the Number Paid.†	Half of Joint Amount of Issue and Payment.	Increase Per Cent. on Amount.	Commission. †	REMARKS.
		£		£	
CANADA - - - -	8,772	30,135	49	791	
GIBRALTAR - - - -	1,749	8,119	96½	292	
MALTA - - - -	1,916	5,376	{ 2 per cent. decrease.	227	
VICTORIA - - - -	3,324	15,312	No business transacted with these Colonies in 1861.	361	System in operation about 11 months.
WESTERN AUSTRALIA -	484	3,887		64	Do. do.
SOUTH AUSTRALIA - -	21	69		5	Do. 3 do.
QUEENSLAND - - - -	90	406		14	Do. 6 do.
NEW ZEALAND - - - -	136	585		42	Do. 8 do.
CAPE OF GOOD HOPE -	810	2,779		62	Do. 9 do.
TOTAL COLONIES - - -	17,302	66,668	124	1,858	
TOTAL UNITED KINGDOM (issues, as above)	7,587,045	15,761,259	8	135,668	
GRAND TOTAL - - - -	7,604,367	15,827,994	8½	137,526	

ANNUAL INCREASE in the Total Amount for which Money Orders, whether Inland or Colonial, were issued in the last five years, as compared in each case with the Amount in the year preceding.

Year.	ENGLAND and WALES.	IRELAND.	SCOTLAND.	UNITED KINGDOM.
1858	About 4	About 4½	About 3½	About 4
1859	" 5	" 4	" 2	" 4½
1860	" 4½	" 6	" 4½	" 4½
1861	" 5½	" 5	" 5½	" 5½
1862	" 7½	" 8	" 12	" 8½
Average increase }	5½	5½	5½	5½

* At page 33 in the Appendix is a statement of the Money Orders issued and paid since 1833.

† As respects most of the Colonies to which the Money Order system has been extended, the commission (as between the British and Colonial Post Offices), is charged partly on Orders issued and partly on Orders paid.

From time to time the department has been urged to issue Money Orders when the sum is below 2*l.*, for a smaller commission than 3*d.*, descending even to 1*d.* These applications, however, have always been refused, since, a commission even of 3*d.* is not sufficient to pay the cost. Means, nevertheless, for sending small sums of money at little expense are afforded by the arrangement under which postage stamps, forwarded in letters, can now be exchanged at many Post Offices for money, at a charge of 2½ per cent. ; thus enabling any person to send stamps to the value of 3*s.* 4*d.* for one penny, and to the value of 1*s.* 8*d.* for a halfpenny. In all transmissions of stamps, however, care should be taken to fold them in rather thick paper, so that the contents may neither be seen nor felt through the cover.

Postage Stamps
exchanged for
Money.

A large amount of money is already paid in exchange for postage stamps, amounting last year in London alone to nearly 60,000*l.*; and the arrangement, now including all Money Order Offices in England and Wales, and certain offices in Ireland and Scotland, will probably, at no distant time, be extended.

The most common amounts of postage stamps tendered in exchange for money are between 1*s.* and 5*s.*

Notwithstanding the distress in the cotton districts and notwithstanding the reduction in the fee for registering letters, there was a large increase, last year, in the amount of money which passed through the Money Order Office ; an increase of more than a million sterling ; although, in consequence of the amount for which a money order can be drawn having been raised from 5*l.* to 10*l.*, the increase in the *number* of Money Orders was very small ; one order now often serving the place of two.

Increase of
Money Order
business.

The greatest rate of increase was in Scotland, where it was not less than 12 per cent., the increase in England and Ireland being about 8 per cent. The town where the increase was greatest was Bradford, where it reached 23 per cent.

It will be seen by a table at page 12 that a large number of Money Orders now pass between this country and the Colonies, and, as might be expected, these Orders, as a general rule, are for much larger sums than Inland Money Orders.

Colonial Money Orders.

A short time ago a book of blank money orders was stolen from one of the offices, and some of the forms were employed as groundwork for forgery. The orders were used to obtain goods from tradesmen ; but if these tradesmen had refused to part with their goods until the orders had been cashed, no fraud could have been perpetrated. It need scarcely be remarked that no one can be secure in treating a money order as cash, unless he knows the person from whom it comes. In all other cases, before having value given for it, the order should be presented for payment.

Frauds.

While speaking of frauds upon receivers of Money Orders, it is well to caution *senders* also ; though I am happy to state that the whole number of frauds, on whomsoever committed, seems to be very small. When dispatching a money order the remitter should either not sign his letter with more than his

initials or (for which provision is made on the use of a penny stamp), should direct that the order be not paid till ten days after date, so as to allow time for an acknowledgment, or, that failing, for stoppage of payment.

Post Office Savings Banks.

The operations of the Post Office Savings Banks commenced in September 1861, and the progress of the banks from that time, and especially during the past year, has been highly satisfactory, about 180,000 depositors having opened accounts in them during the year 1862.

Number of
Savings Banks.

In that year 255 additional Post Office Savings Banks were opened in England and Wales, 300 in Ireland, and 299 in Scotland, including, as in the case of Money Order Offices, the neighbouring islands.

The whole number of Post Office Savings Banks at the end of 1862 was, therefore, 2,532, viz., 1,933 in England and Wales, 300 in Ireland, and 299 in Scotland.

Many of these banks have attracted a large number of depositors, and 76 only of the whole number opened have failed to obtain depositors, so that the advantages which they offer appear to be understood and appreciated throughout the whole Kingdom.

Number and
amount of de-
posits and with-
drawals.

The following Table shows the number and amount of deposits and withdrawals during the years 1861 and 1862:—

Year.	Country.	Deposits.		Withdrawals.	
		Number.	Amount.	Number.	Amount.
1862.	England and Wales	530,297	£ 1,790,182 15 9	86,667	£ 401,508 7 6
"	Scotland - -	33,549	60,000 10 6	3,813	11,851 3 6
"	Ireland - -	28,736	96,955 9 3	3,947	18,259 1 3
"	United Kingdom -	592,582	1,947,138 15 6	94,427	431,618 12 3
1861.	England and Wales	46,643	167,778 9 9	1,612	6,759 7 11
	Total from 16th Sept. 1861, to 31st Dec. 1862 - - }	639,225	2,114,917 5 3	96,039	438,378 0 2

The following Table gives the number of depositors remaining in account with the banks at the close of the year 1862, the amount of their deposits, and the average amount (exclusive of interest) standing to the credit of each depositor.

Country.	Number of Depositors.	Amount of Deposits.	Average Amount to credit of each Depositor.
England and Wales -	153,489	£ 1,554,262	£ 9 14 11
Scotland - - -	9,766	48,149	4 18 9
Ireland - - -	7,314	78,696	10 15 3
United Kingdom -	176,569	1,681,107	9 19 1

Since the beginning of the present year 332 additional banks have been opened, making 2,864 banks in all, and the gross amount of deposits, including interest up to the 1st January, has increased from 2,136,680*l.* to 2,952,296*l.*

The subjoined Table gives the average amount of each separate deposit in the Post Office Savings Banks in the different parts of the Kingdom, as compared with a like average in the old savings banks. Average amount of each deposit in Post Office, and Old Savings Banks.

Country.	Average Amount of Deposit.					
	Post Office Savings Banks.			Original Savings Banks.		
	£	s.	d.	£	s.	d.
England and Wales - -	3	7	10	4	8	9
Scotland - - -	1	15	9	3	3	2
Ireland - - -	3	7	6	5	6	7
The Islands - - -	2	19	6	6	6	9
United Kingdom -	3	6	2	4	6	5

The foregoing Table shows that in each division of the United Kingdom the Post Office Banks have obtained a larger proportion of small depositors than the old banks have been able to attract. This circumstance is attributable mainly to the greater facilities which the Post Office Banks afford, and especially to the fact that they are open daily and for several hours; but it is in part attributable to the fact that whereas the old banks were for the most part located in towns of some magnitude, the Post Office Banks have been extended freely to small villages, and comparatively poor districts, which had hitherto been unprovided with savings bank accommodation. The extensions during the year were, with but few exceptions, of this character, and hence, no doubt, it has happened that the average amount of a deposit in Post Office Banks, as shown in the foregoing Table, is somewhat lower than it was shown to be in my report for the year 1861.

Much use has been made of our Savings Banks by Friendly, Provident, and Charitable Societies, and by the Managers of Penny Banks, as shown by the subjoined number of accounts opened with these bodies:—

Friendly Societies - - -	1,010
Provident and Charitable Societies - - -	642
Penny Banks - - -	82

One important advantage of Post Office Savings Banks is, that they give any person the power of making a deposit or taking out money in any part of the country in which he may happen at the time to be, without reference to the place where his account was originally opened.

This power is largely used. Last year there were not fewer than 20,872 such deposits and 15,842 withdrawals.

**Old Savings
Banks closed.**

The trustees of several of the old banks have already shown a disposition to relinquish the labour and responsibility which they have so long taken upon themselves from motives of benevolence, and which are now no longer required of them. The trustees of the savings banks at Bermondsey, Blackpool, Braintree, Brixton, Buntingford, Carnarvon, Chesham, Cheshunt, Enfield, Finchley, Ham (West), Hoxton, Ipswich, Kirkby, Stephen, Leatherhead, Llangollen, Melbourne (Derbyshire), Merthyr Tydvil, Newton in Mackerfield, Pimlico, Poulton-le-Fylde, Rawtenstall, Rochford, Romsey New Hall, Sheerness, Southwold, Staveley, Tredegar, Wandsworth, Wallasey, and Weston-super-mare in England, Machynlleth in Wales, Glencoe and Leith in Scotland, and Carndonagh and Gorey in Ireland, have already closed those banks.

The voluntary retirement of the trustees of 36 of the old banks may be taken, I think, as a proof that the Post Office Banks are generally considered to have been efficiently conducted, and to have provided sufficient savings bank accommodation in a manner satisfactory to the public.

With a view to facilitate the proceedings of the trustees of banks which have been or may hereafter be closed, an Act of Parliament has been passed in the present Session.

Under the provisions of this Act the trustees of a closed or closing bank will be able to relieve themselves of the custody of the balances belonging to persons who have left the country, or to deceased persons whose representatives have not preferred any claim for the money, by transferring these balances in bulk to the Commissioners for the Reduction of the National Debt, accompanied by such a schedule of particulars as will facilitate the repayment of the balances, with interest, to the owners thereof, if at any time those owners make good their claims to the money; and the trustees of any closed or closing bank will also have the power, with the consent of the Commissioners for the Reduction of the National Debt, to compensate their paid officers out of any separate surplus fund that may belong to the bank in question. As the trustees will thus have it in their power to make some provision for the paid officers who have hitherto conducted the affairs of their banks, it is probable that many more of the smaller banks will be closed at an early date.

A sum amounting to more than 340,000*l.* has already been transferred from the old savings banks to the Post Office Savings Banks by means of transfer certificates, but additional sums, the amount of which cannot be ascertained, have no doubt been withdrawn from the old banks and paid into the Post Office Banks in cash.

**Examination
of depositors'
books.**

The regulations laid down for carrying on the business between the postmasters and the depositors, and the arrangements made for the proper entry of and check on the depositors and postmasters' accounts, have been found to work most satisfactorily, and to require little or no alteration. In illustration of the satisfactory working of these arrangements, I may state that,

in the examination of depositors' books, which takes place in each year on the anniversary of the day on which each book was issued, and which has now extended to upwards of 114,000 books, very few errors, and those of little importance, have been discovered. This satisfactory result of the examination fully confirms the opinion which I expressed in my last Report as to the care and intelligence displayed by the postmasters.

In the Appendix will be found a copy of the general account of the Post Office Savings Banks to the 31st December last.

Foreign and Colonial Posts.

A new Convention has been concluded with the German Postal Union, under which a Book Post has been established, and by which a mutual right has been given of sending closed mails in transit to certain other countries; though this right is not to come into use until certain arrangements have been made with Austria. Convention with German Postal Union.

Conventions like the foregoing have also been entered into with Hamburg and Bremen. Hamburg and Bremen.

The Belgian Government has, at its own cost, organized a Day Packet Service between Dover and Ostend; so that in the 24 hours there are now two services between these ports, affording much additional accommodation. Dover and Ostend Service.

The means of communication with Portugal by way of France and Spain, and by private ship, not to speak of the Brazil packet which touches at Lisbon once a month, being deemed sufficient, the line of Mail Packets between Southampton and Lisbon, which was maintained at a cost of more than 5,000*l.* a year, has been withdrawn, and this with little or no injury to the service. Portugal.

The Contract for the Packet Service to the Cape of Good Hope having terminated, advertisements were issued for new tenders, and they have resulted in the acceptance, though for a much lower payment than that hitherto made, of the offer of the present contractors—the Union Steam Ship Company. This result is the more satisfactory from the circumstance of this Company having always performed the service in a very creditable manner. Cape of Good Hope.

Under the late Contract the cost of the service was more than 32,000*l.* a year, exclusive of premiums for under-time, which last year were upwards of 5,000*l.*, making a total of more than 37,000*l.*; whereas under the new Contract the payment will begin at 25,000*l.* a year, and gradually diminish to 15,000*l.*

No premiums will be given, though penalties will be enforced, and the time allowed for the service has been reduced from 42 days to 38.

Concurrently with this reduction in the cost of the service, the postage on letters sent by Packet has been raised, under your Lordships' authority, from 6*d.* the half ounce to the former rate of 1*s.*; while the postage on letters for which great speed and punctuality are not required, and which may be conveyed therefor by private ships, has been reduced to 4*d.*

By the joint operation of these measures, I feel no doubt that

this service, which has hitherto been attended with a great loss, will be made self-supporting, and that thus an important step has been taken towards placing the Packet Services generally on a sound footing.

Brazil.

The Contract for the Brazil Service, in like manner, after public advertisement, has again been obtained by the present Contractors, the Royal Mail Steam Packet Company, and that upon terms which will make this service also self-supporting.

Still more recently the same Company have, after a like public competition, obtained a new contract for the West Indian service, with an annual subsidy of rather more than 170,000*l.* Except that this contract will not include a few unimportant communications, the new service will be as good as the former one, although its cost will be less by about 70,000*l.* a year. To this saving must be added the probable increase in the amount of sea postage arising from the augmentation which, as in the case of the Cape Colony, has been made in the rate of charge: an increase which may be estimated at about 30,000*l.* a year, making, with the diminished cost of the service, a total gain of about 100,000*l.* So great, however, was the former loss, that even after this large reduction there will be an annual deficit, probably of about 100,000*l.*; though under the new arrangement part of this deficit will have to be borne by the colonies.

Here again I have to express pleasure at the service remaining in the hands of the present Company, as they have well performed it.

West Indies.

When calling for tenders for the service to Brazil the Post Office advertised also for tenders for the West Indian Service, as the Contract for both will end with the present year.

In the case of the West Indies, as in that of the Cape of Good Hope, while reverting, under your Lordships' authority, to the old rate of 1*s.* the half ounce on letters sent by Mail Packets, we have, for the benefit chiefly of the poorer classes, reduced the postage on letters sent by private ships to 4*d.*

At the end of the period for which the new Contract is taken, it will, I hope, be found possible to make yet further approximation between income and expenditure.

Scale of weight altered.

With reference to the increase of postage to the West Indies and the Cape of Good Hope, I should remark that, with your Lordships' authority, advantage was taken of the opportunity to make an alteration in the scale by weight, by adopting the uniform step of half an ounce, instead of advancing first by the half ounce and then by the ounce, as in the scale for inland letters.

According to the latter scale, which has hitherto applied also to all Colonial letters, a letter to the West Indies, if found to weigh more than an ounce, even by a single grain, would, at the advanced rate, have been subject to an additional charge of 2*s.*, making in the whole 4*s.*; whereas, by the amended scale, such a letter, and any other letter, not weighing more than an ounce and a half, will be charged only 3*s.*

When the postage is low there can be little objection to the

inland scale of weight; but when it is comparatively high, this scale becomes objectionable.

In conformity with the evident intention of the resolution of the House of Commons in March 1860, regarding the renewal of Mr. Churchward's Contract for the Mail Services between Dover and Calais and Dover and Ostend, due notice was given to Mr. Churchward that his Contract would terminate on the 20th June next, and advertisements were issued calling for tenders for these services.

Dover and Calais and Dover and Ostend contracts.

Subject to a provision that, if Parliament should still vote the monies which would be required to pay Mr. Churchward, the arrangement shall not take effect, an offer from the Belgian Government to perform the British portion of the Dover and Ostend service in addition to its own, for a payment much below the present estimated cost of our part of the service, has been accepted; and a tender, also for a payment much below that now made, has been received for the performance of the Dover and Calais service, and is still under consideration.

Much of the success on which the Department may, I think, fairly congratulate itself, in relation to the foregoing contracts, is, I believe, due to the manner in which the forms of tender were prepared.

Tenders for Mail contracts.

It has been our object to let the Postal Service fall as far as practicable into the usual channels of trade, so as to avoid the expense which must be incurred by any unnecessary departure, whether as regards the course or the rate of sailing, from the arrangements which would be adopted for freight and passengers only. To this end the tenders have been so framed as to allow many modifications of the plan which the Post Office might abstractedly prefer, and to bring out clearly the cost of each part of every service, so that this cost might be compared with the benefit. For example, a desire had been expressed for the Packets employed in the Cape Service, which at present touch at the islands of St. Helena and Ascension on the homeward passage only, to call on the outward passage also; and it might naturally be supposed that such an arrangement would not be attended with much additional expense. Instead, however, of these additional calls being included in the general service, it was requested that they should be made subject of specific charge; and the result showed that, owing to the prevailing winds, this apparently small deviation from the course would add 8,000*l.* a year to the subsidy, or more than a third of the whole sum demanded.

So again, with regard to speed, while the parties tendering were invited to state for what sum they would perform the service at a certain given speed, they were also asked to say what would be their demand both for a higher and a lower rate of speed.

Finally the persons tendering were not compelled to use the printed form of tender at all, but were informed that while, other things equal, an offer according to that form would be preferred, they were at liberty to propose any other arrangement.

No doubt the many combinations and alternatives to which this mode of proceeding gives rise, have added much to the difficulty of deciding which tender, upon the whole, offered the greatest amount of advantage; but considering the large sums of money to be paid and the many important interests at stake, the labour has been well expended.

India.

In the last Report it was stated that, at the suggestion of the Indian Government, the Department was about to advertise for tenders for two additional services each month between Aden and Bombay, with a view, if practicable, of making the whole postal communication with India by that route, and of withdrawing the packets to Madras and Calcutta.

Advertisements were issued both in this country and in India, yet only one tender was received, and the terms demanded were high. Moreover it was found, as indeed this Department expected, that the Peninsular and Oriental Steam Navigation Company's ships would, for the sake of their passenger and goods traffic, still have to go to Madras and Calcutta, and that the cessation of the postal service to those ports would not therefore cause any reduction in the Company's subsidy. Thus the alteration would have proved very expensive; and as the Indian service is far from being self-supporting, it has been decided, as your Lordships are aware, that no further steps shall, for the present, be taken in this matter.

Australian
service *via*
Panama or
Singapore.

It has been proposed from time to time that a second monthly Australian Service should be established by way of Panama, and the Executive Council of Queensland has urged the establishment of a second service, *via* Torres Straits and Singapore.

The cost of the Australian Service, even with one mail a month, is at present so much greater than the postal revenue from it, that I see no early prospect of any addition to this service, much as a bi-monthly mail may in itself be desirable, unless, indeed, as in the case of the West Indies, the Cape of Good Hope, and Hong Kong, the rate of postage be increased.

As compared with the Panama route, the present, while for all the letters, except those to New Zealand, it is the shortest, would, I am satisfied, if its performance were thrown open to competition, be found to be also much the cheapest; since it requires a branch only from Ceylon, while the Panama route would imply a new service all the way from Panama—in other words across the whole of the Pacific.

The distance from London to Melbourne, (to which city more than half of all the Australian letters are forwarded,) is, by way of Gibraltar and Suez 13,100 miles, and by way of Marseilles only 12,100 miles; whereas *via* Panama the distance is 15,300 miles. Even to Sydney and Brisbane, the most easterly of the Australian capitals, the distance by way of Suez is less than *via* Panama; indeed the only colony in that part of the world to which the Panama route is the shortest, is New Zealand, which, however, receives only about one-sixth part of the whole correspondence. And, taking telegraphic communication into account, even New Zealand can be more quickly reached by way

of Suez than *vid* Panama. It is so at the present time, and when the telegraphic wires shall have been continued to Ceylon, the difference in favour of the Suez route will be great.

Except to New Zealand, I am satisfied that if a second service were established *vid* Panama every article of news conveyed by it would, even under present circumstances, be anticipated, so far at least as tidings can be sent through the agency of the telegraph, by the present route.

The time now required for conveying letters between London and Melbourne by way of Gibraltar and Suez is 51 days, and *vid* Marseilles and Suez 45 days, and telegrams are sent in 38 days; while if the packets from Ceylon went round by Singapore, all these times would probably be increased by seven or eight days, and if the Panama route were adopted, unless steam ships even more powerful and therefore more expensive than those belonging to the Peninsular and Oriental Company were employed, the time, not only for letters but even for telegrams, would probably be about 58 days.

Application having lately been made to the Government of Victoria on behalf of that of New Zealand to co-operate in establishing a packet service *vid* Panama, the application was refused.

The objections to the route *vid* Torres Straits and Singapore are not so strong as those to the Panama route, but to my judgment they seem to show that the present route is the best.

It is true that the fortnightly packet which touches at Point de Galle in Ceylon, calls also at Singapore, but the distance from Ceylon to Melbourne *vid* Singapore is greater by 1,670 miles than by the present route *vid* King George's Sound; and even to Sydney the distance *vid* Singapore is greater by 466 miles.

And while the distances by way of Singapore are the greatest, I think it probable that, if advertisements were issued for tenders for the two services, the Singapore route would also be found the more expensive.

The superiority of the route *vid* Ceylon and King George's Sound over those by way of Singapore or Panama, great as it now is, will be still greater, if, after the completion of the railway from Paris to Ancona or Brindisi, one of these latter ports be substituted for Marseilles as the European port for the Mediterranean service; and if the projected railway by the line of the Euphrates be constructed, and employed for the transmission of mails, the superiority of the present route will be rendered still more manifest.

A line of mail packets, running at present once a month, has French packets been established by the French government between St. Nazaire to West Indies; and Vera Cruz, calling at Martinique and Santiago de Cuba, with a branch packet from Martinique to Guadaloupe; and these packets are available for the transmission of English correspondence.

There is now, also, a French line of mail packets to Ceylon, and to East Indies, with one branch to Calcutta, touching at Pondicherry and Madras,

and another to Shanghai, calling at Singapore, Saigon, and Hong Kong. Hitherto there have been difficulties in making use of these packets, but the negotiations with the French Post Office on the subject have now been brought to a satisfactory termination, and I hope that, very shortly, the British public will be enabled to send letters by these vessels.

**New Post
Office at Suez.**

A new and commodious Post Office has been built at Suez, on a piece of land specially ceded for the purpose by the late Viceroy of Egypt.

**Reduction of
Postage to
Mexico, Cuba,
and Porto
Rico.**

While the postage of letters sent by mail packets to the Cape of Good Hope and to our West Indian colonies has been increased, that of letters between this country and Mexico, Cuba, and Porto Rico has been reduced, the rate in all these cases being now 1s. the half-ounce; and it is intended ultimately to make this rate uniform to all parts of the West Indies, whether colonial or foreign, and to the eastern sides of Central and South America.

**Mileage con-
tracted for ;
with cost of
services.**

Subjoined is a statement of the mileage at present contracted for by the several Packet Companies having Contracts with the Post Office for the conveyance of Mails to British Colonies or to Foreign Countries; together with the cost of the Service during the past year, and other particulars:—

Service.	Contractors.	Annual Mileage.*	Mean Speed.†	Number of Voyages within Contract Time.	Number of Voyages after Contract Time.	Annual Pay- ment.	Average Pay- ment per Statute Mile.
Cape of Good Hope	Union Steamship Company.	177,419	8½	24	—	£ 32,400	s. d. 3 8
Dover, Calais and Ostend.	J. G. Churchward -	42,058	13½	‡	‡	18,600	8 10
India, China, Australia and Mauritius.	Peninsular and Oriental Steam Navigation Company.	1,436,968	10½	275	197	399,297	5 7
Newfoundland and Bermuda.	Sir S. Cunard, Bart.	77,136	8	20	36	14,700	3 9
New Zealand - -	Intercolonial Royal Mail Steam Packet Company.	53,542	§	§	§	24,000	9 0
North America and Bahamas.	Cunard, Burns, and Maciver.	381,548	11½	124	6	176,340	9 2
West Coast of Africa	African Steam Ship Company.	139,333	8	17	5	30,000	4 4
West Coast of South America.	Pacific Steam Navigation Company.	166,980	9½	30	16	25,000	3 0
West Indies, Mexico, Brazil and River Plate.	Royal Mail Steam Packet Company.	639,066	10½	234	88	269,243	8 5
TOTAL - -		3,114,050	10½	724	346	969,580	6 4

* Both the mileage and mean speed are given in statute miles.

† The mean speed has been calculated according to the *direct* distance from port to port, no allowance having been made for deviations from the direct course. These deviations are in some cases considerable, especially with respect to voyages performed in the Eastern seas during the prevalence of the monsoons. The mean speed actually attained by the Packets in those cases was therefore proportionately higher.

‡ Under this Contract the precise time to be occupied in the voyages between Dover and Calais, and Dover and Ostend, is not fixed.

§ The Postmaster General's powers under this Contract having been delegated to the Governor of New Zealand, no records are kept at this Office of the manner in which the Service is performed.

From the above table it will be seen that, without counting home services, such as those to Ireland, the Channel Islands, and Orkney and Zetland, the voyages performed by the Mail Packets during the year were equal, in the aggregate, to more than three millions of miles, and that the cost (including payments by the Colonies) was nearly a million sterling, or about 6s. 4d. per mile; also that the average speed was rather more than 10 miles per hour.

The most distant point to which mails are conveyed by British packet is Auckland, New Zealand, about 15,000 statute miles from Southampton; the nearest is Calais, 26 miles from Dover.

The excess of time, when the packets were too late, was often a few hours only; sometimes, only a few minutes. Punctuality of
Mail Packets.

Several instances occurred of remarkable punctuality in the delivery of mails conveyed over great distances, even when such punctuality was dependent on packets arriving at a point of junction by different routes. Among them were the following:—
—1st. The arrival of the Mails *vid* Marseilles despatched from Sydney, New South Wales, distant nearly 13,000 miles, on the 22nd September; from Calcutta, distant 8,000 miles, on the 10th October; from Shanghai, distant upwards of 11,000 miles, on the 19th, and from Hong Kong, distant upwards of 10,000 miles, on the 27th September. These Mails were all due in London on the 13th November at midnight, and they arrived one hour and ten minutes before that time. 2nd. The Mails from the West Indies and Central America despatched from Southampton on the 17th September, were delivered at the Danish Island of St. Thomas, distant more than 4,000 miles, at the precise moment at which they were due, viz., at 6 a.m. on the 2nd October. On the same voyage the Mails for Jamaica and Demerara, conveyed in each case by a separate branch packet, were delivered within a few minutes of the time at which they were due, while the Mails for parts of Central America and for the Pacific were delivered at Colon on the Eastern Coast of the Isthmus of Panama, distant 5,400 miles, 30 minutes after time, the Packet having been detained at sea that precise time by H.M.S. "Orlando;" and the Mails for Chili, after having been conveyed with others across the Isthmus of Panama, were delivered at Valparaiso, distant nearly 9,000 miles from Southampton, two hours before the appointed time.

The total number of steamships employed in the Packet Service, exclusive of Tenders, &c., is 96, with an aggregate of 140,000 tons and of 36,000 horse-power. Number, size,
and horse-
power of
packets.

The largest and most powerful Packet is the paddle-wheel steamship "Scotia," of 3,871 tons and 1,000 horse-power, belonging to Messrs. Cunard, Burns, and Maciver, the Contractors for the North American Service; and the smallest is the "Vivid," of 300 tons and 128 horse-power, the property of Mr. Churchward,

Contractor for the Dover and Calais and Dover and Ostend Services.

**Number of
Officers.**

The Mail Packets are manned by a force, including officers, of more than 8,000 men. In addition to which a staff, maintained by the Post Office, of 33 Naval Agents in charge of Mails (all officers of the Royal Navy), is employed, on board the Packets, for the threefold purpose of securing the correct delivery of the Mails, guarding against unnecessary delay on the voyage, and reporting on nautical questions affecting the performance of the service. In some cases, however, where it has been found expedient to sort the Mails during the voyage, so as to save labour at the Chief Office in London, and to accelerate the delivery of the letters, Officers of the Post Office (28 in all) have been substituted for the Naval Agents; and in other cases, where neither a Naval Agent nor an Officer of the Post Office has been deemed necessary, the Mails are placed in charge of the Commander.

Shipwrecks.

During the year 1862 there was a large number,—unprecedentedly large, I believe,—of shipwrecks in the Mail Service, five Packets having been totally lost; viz., the “Karnak,” belonging to Messrs. Cunard, Burns, and Maciver, in entering the harbour of Nassau, Bahamas; the “Lima,” belonging to the Pacific Steam Navigation Company, on a reef off Lagarto Island, in the South Pacific Ocean; the “Cleopatra,” the property of the African Steam Ship Company, on Shebar Reef, near Sierra Leone; the “Colombo,” belonging to the Peninsular and Oriental Steam Navigation Company, on Minicoy Island, 400 miles west of Ceylon; and the “Avon,” belonging to the Royal Mail Steam Packet Company, at her moorings in the harbour of Colon, New Granada.

The only loss of life was in the case of the “Cleopatra,” where one officer and four Kroomen were washed from a raft in endeavouring to reach the shore and were drowned; nor was there any considerable loss of correspondence, although many letters on board the “Colombo” arrived in a state requiring the greatest care in drying and handling to prevent their crumbling to pieces, while others were found reduced to a hopeless state of pulp.

**Waterproof
bags, &c.**

Experiments are in progress with a view of seeing whether, without undue hindrance in the despatch of the mails, or in the sorting on board ship, registered letters, at least, may not be packed in bags or boxes which are waterproof.

Owing to the prompt arrangements of the several contractors, there was but little inconvenience to the public service, beyond the injury to some of the correspondence, from the foregoing wrecks.

Revenue and Expenditure.

GROSS REVENUE.

The gross Revenue of the Post Office last year, and its Gross revenue. comparison with that of 1861, are as follows * :—

Postage.

	1862.	1861.
	£	£
England - -	2,913,522	2,833,699
Ireland - -	260,947	258,778
Scotland - -	322,166	310,214
	<u>3,496,635†</u>	<u>3,402,691†</u>

Commissions on Money Orders.

	1862.	1861.
	£	£
England - -	116,837	109,233
Ireland - -	9,475	8,888
Scotland - -	10,642	9,745
	<u>136,954†</u>	<u>127,866</u>
	<u>£ 3,633,589</u>	<u>£ 3,530,557</u>

To this sum of 3,633,589*l.* must be added 130,415*l.* for im-pressed stamps on newspapers (collected by the Commissioners of Inland Revenue) making a total of 3,764,004*l.*, which being adjusted with reference to the balances due to and from the Colonies, gives a gross revenue properly appertaining to the year of 3,777,304*l.*

This sum shows an increase of 114,306*l.* on the adjusted gross revenue of 1861, being an increase at the rate of rather more than 3 per cent., which is about 1 per cent. less than the average of the last five years.

Subjoined is a statement of the increase or decrease of the adjusted gross revenue under four principal heads.

	Increase.	Decrease.
	£	£
Produce of impressed Stamps on Newspapers		4,156
Commission on Money Orders - - -	9,088	
Postage of Public Departments - - -		16,645§
General Business - - -	126,019	
	<u>£135,107</u>	<u>20,801</u>
Net Increase - - -	- - -	<u>£114,306</u>

* At page 37 in the Appendix a statement is given of the Revenue and Expenditure since 1837; and also for the last two years, of the amount of postage collected at many large towns.

† Exclusive of "returns" for refused letters, &c.

‡ This is the sum actually brought to account of revenue, and consequently slightly differs from that stated at page 12, which shows the amount of commission on the orders issued during the year.

§ This excess in 1861, was owing to the great amount of official correspondence arising from the Census.

EXPENDITURE.

Expenditure.

The following table gives both the actual expenditure in 1862 and the expenditure properly appertaining to that year; compared in both respects with the year 1861:—

Heads of Service.	Actual Expenditure.		Expenditure properly appertaining to the Year (partly estimated).	
	1862.	1861.	1862.	1861.
Salaries, Pensions, &c. - - -	£ 1,133,628	£ 1,102,576	£ 1,129,500	£ 1,102,576
Buildings, Repairs, &c. - - -	68,115	67,519	61,898	48,280
Conveyance of Mails.				
By Railways - - - - -	526,968	655,047	507,279	500,000*
" Coaches, Carts, &c., and } Wages of Mail Guards - }	169,629	173,107	169,629	173,107
" Mail Packets:—				
British portion* - - -	964,260	961,076		
Colonial portion - - -	145,208	139,586		
Total - - - - -	1,109,468	1,120,662		
Deduct payments made by } Colonies - - - - - }	264,507†	171,434†		
Private Ships - - - - -	844,961‡	940,228‡	470,000§	470,000§
Manufacture of Postage Labels -	1,948	1,821	1,948	1,821
Stationery (defrayed by Stationery Office) - - -	28,893	25,972	28,363	25,973
" - - - - -	25,821	27,897	25,821	27,897
Miscellaneous, including the conveyance of Mails through Egypt, Clothing of Letter Carriers and Guards, Official Postage, Rents, Taxes, Law Expenses, &c. - - - - -	145,895	151,360	145,895	151,360
	2,945,356	3,154,527	2,540,363	2,501,013

It will be seen that the Expenditure properly appertaining to the year 1862 was greater than that of 1861 by 39,350*l.*, which increase is at the rate of rather more than $1\frac{1}{2}$ per cent. as compared with an increase of rather more than 3 per cent. in the gross revenue.

The increase under the head of "Salaries, Pensions, &c.," is made up of increments in salaries and wages generally, of a larger amount of poundage on Postage Stamps and for Money Order business, and of a greater cost of travelling Post Offices arising from their extended use.

* These amounts are exclusive of 16,000*l.*, half the payment of the Chester and Holyhead Railway Company, and of 10,000*l.*, half the cost of the improved Railway Service to Ireland made in 1860, when the sea service was also improved. These expenses are incurred to promote not only postal, but passenger communication.

† These payments include arrears of previous years.

‡ These large items, which are only in part for Postal service (the other portion being incurred for naval and political purposes), might properly be apportioned partly to the expenditure of the Post Office and partly to that of the Admiralty. Formerly they appeared wholly in the expenditure of the Admiralty; but now that the management of the Packets has been transferred to the Post Office, and that the payments for them are also made by this Department, this item appears in the Post Office accounts.

§ These sums are arrived at by taking as a basis the cost of the service when that service does not exceed the amount of the sea postage, and in all other cases the amount of the sea postage itself. This estimate is made once in three years.

The excess of the actual expenditure for railway conveyance Salaries. in the last two years over the expenditure properly appertaining to those years, is owing to the payment of large sums of money which had accumulated whilst some arbitrations, now settled, were pending.

The continued decrease in the cost of stationery is no doubt Stationery. mainly owing to the operation of the economical arrangements specially referred to in the last Annual Report.

Net Revenue.

The net revenue last year, viz., the difference between the Net revenue. adjusted gross revenue and the adjusted expenditure, was 1,236,941*l.*, being an increase of 74,956*l.* on the net revenue of 1861. If, however, the whole cost of the Packet service were placed to the debit of the Post Office, instead of part being assigned to political purposes, as already explained, the net revenue would be reduced to 742,681*l.*

The increase in the net revenue is at the rate of nearly 6½ per cent. as compared with 5¼ per cent. in 1861.

Staff of Officers.

At the end of 1862 the staff of Officers was as follows, as Number of officers. compared with the staff at the end of 1861 :—

On 31st Dec. 1862.		On 31st Dec. 1861.	
		I. Officers in British Isles:—	
1		Postmaster-General - - -	1
5		{ Secretary, Assistant Secretaries, and Secretaries for Ireland and Scot- land - - - - - }	5
20		{ Other Superior Officers; viz., Heads of Departments, Chief Clerks in the Metropolitan Offices, &c. - }	20
14		Surveyors - - - - -	14
11,302		Postmasters - - - - -	11,391
1,637		Clerks, &c. - - - - -	1,630
168		Mail Guards and Porters - - -	156
12,131		Letter Carriers, Messengers, &c. -	12,152
7		Marine Mail Officers - - -	7
	25,285		25,376
22		{ II. Postmasters, Clerks, Letter Carriers, &c. in the Colonies, the Posts of which are under the direction of the Postmaster- General - - - - }	22
	22		22
73		{ III. Agents in Foreign Countries for collection of Postage - }	75
	73		75
	25,380		25,473

It will be remarked that the number of officers is now rather less than it was a year ago, owing chiefly to the substitution of road letter boxes for small Post Offices.

Medical report.

The report of the Principal Medical Officer of the Department, relating to the Chief Office and District Offices in London (extracts from which are given in the Appendix), shows that the general health of the large body of men under Dr. Lewis's care has been very good, the average absence of each clerk from illness, during the last year, having been only $7\frac{1}{4}$ days, and that of each sorter or letter carrier 7 days; while the average mortality of the effective force was not more than $7\frac{1}{2}$ per 1,000, or under 1 per cent.; or, including pensioners and other officers who retired from the service on account of ill-health, about 12 per 1,000, or rather more than 1 per cent.

Dr. Lewis's report will be found to contain much interesting information on the effect of railway travelling, as shown by the experience of the large number of our officers employed in the travelling Post Offices and as mail guards on railways.

Excepting risk of accidents, Dr. Lewis is of opinion that on the strong and healthy railway travelling, if the amount be not excessive, and if the travellers take moderate care of themselves, produces little or no injurious effect; and he points to the sanitary statistics of last year in confirmation of this view, the sickness and mortality having been about the same among the officers employed on the railways as among other officers.

The small pox having recently become prevalent in London, I have caused arrangements to be made that, in future, all candidates for admission to the service shall be required to give satisfactory proof of their having been efficiently vaccinated or that they have taken the disease naturally.

There are now medical officers not only in London but in Dublin, Edinburgh, Manchester, Liverpool, and several other large towns.

Solicitor's death.

I have to record this year the death of our lamented Solicitor, Mr. Peacock, who had been nearly 40 years attached to the Post Office. As his successor I have appointed Mr. Ashurst.

Mutual Guarantee Funds.

The Mutual Guarantee Funds which, so far as they extend, relieve the officers of the Department from the necessity to furnish bonds, and which have now been established for a considerable time at several of the chief offices, continue to prosper; experience having shown that a very small payment per head is sufficient to maintain a fund adequate to meet any demands upon it arising from the defalcation of any of the subscribers. In the London office there are now more than 2,700 such subscribers, viz., 297 clerks and 2,428 letter carriers, sorters, and messengers, with an invested capital of nearly 900*l*. Last year, beyond repayments to subscribers on their quitting the service, whether as pensioners or otherwise, the fund was not subjected to any draught whatever.

The arrangements under which the officers of the Department are enabled to insure their lives by means of a small weekly or monthly deduction from their wages or salaries, (the Post Office itself paying a portion of the premiums,) continue to work very satisfactorily, and have, I am glad to learn, been copied with considerable success, in one of their main features, by the Directors of the Great Northern, the Great Western, the Midland, and the North-eastern Railway Companies, and by those of the Railway Benevolent Society, and of the Electric Telegraph Company.

Life insurance.

Miscellaneous.

Owing to the successful measures which the Department has adopted, by means of bonds, frequent supervision, and care in the selection of persons admitted into service or afterwards promoted therein, very few losses, of late years at least, have occurred from defalcation. More than twenty years ago, however, a postmaster, who owed the Office more than 2,000*l.*, but who had given security for only part of that sum, absconded, leaving an unpaid debt of upwards of 1,000*l.* The recovery of this debt had long been regarded as hopeless, but a short time ago a letter was unexpectedly received from the postmaster's son enclosing a remittance in payment of part of his father's debt, and expressing a hope that after a time he should be able to pay the remainder; a hope which was soon realized, every farthing of the debt having now been discharged, in a manner most creditable to the gentleman concerned.

Payment of old Debt.

A singular accident befell one of the pillar letter boxes at Montrose. The street gas pipes having been opened for the purpose of examination and repair, an escape took place, and some of the gas found its way into the letter box. The night watchman, to light his pipe, struck a match on the top of the box, when a violent explosion took place, forcing out the door and doing other damage, but fortunately causing no injury either to the watchman or to the letters.

Accident to pillar letter box.

I have the honour to be,

My Lords,

Your Lordships' obedient Servant,

General Post Office,
30th April 1863.

STANLEY OF ALDERLEY.

APPENDIX.

APPENDIX (A.)

ESTIMATED NUMBER OF CHARGEABLE LETTERS delivered in the UNITED KINGDOM in the Year immediately preceding the first general Reduction of Postage on the 5th Day of December 1839, and in the Years subsequent thereto; also (in the first Year) the Number of Franks.

Year ending 31st December.	Delivered in England and Wales.						Total in Ireland.	Increase per cent. per annum.	Total in Scotland.	Increase per cent. per annum.	Total in United Kingdom.	Increase per cent. per annum.
	By Country Offices.	Increase per cent. per annum.	In London District, exclusive of Local Letters.	Increase per cent. per annum.	Local Letters in London District.	Increase per cent. per annum.						
Estimated No. of letters, 1839	—	—	—	—	13,000,000	—	8,302,000	—	7,683,000	—	75,908,000	—
Estimated No. of Franks, 1839	—	—	—	—	—	—	1,053,000	—	336,000	—	6,563,000	—
Estimated No. of letters, 1840	88,071,000	10½	23,660,000	9	20,372,000	—	18,211,000	119½	18,554,000	145½	168,768,000	123½
Average of 5 years, 1841-45	121,708,000	5½	31,287,000	5½	25,388,000	8½	24,226,000	9½	24,419,000	9½	237,777,000	10
" " 1846-50	179,651,000	6½	44,089,000	5½	34,883,000	5½	34,757,000	5	33,627,000	4½	327,006,000	5
" " 1851-55	232,569,000	6½	54,043,000	5½	43,168,000	3½	39,384,000	3½	40,999,000	5½	410,166,000	5½
" " 1856-60	301,819,000	4½	68,681,000	4½	56,325,000	6½	44,789,000	3	51,291,000	3½	523,896,000	4½
Year, 1861	340,050,000	4½	78,543,000	6½	68,066,000	7½	50,009,000	5½	56,532,000	5½	593,940,000	5½
" 1863	346,412,000	1½	79,653,000	1½	71,901,000	5½	51,060,000	2½	57,390,000	1½	606,471,000	2

APPENDIX (B.)

ESTIMATED NUMBER OF BOOK PACKETS and CHARGEABLE NEWSPAPERS* delivered in the UNITED KINGDOM since 1855.

[illegible]

* By "Chargeable Newspapers" are meant Newspapers not bearing the impressed newspaper stamp, and the postage of which is consequently paid in postage stamps or money.

APPENDIX (C.)

ESTIMATED NUMBER OF FREE NEWSPAPERS* delivered in the UNITED KINGDOM since 1855.

Year ending 31st December.	Delivered in England and Wales.				Total in England and Wales.	Decrease per cent. per annum.	Total in Ireland.	Decrease per cent. per annum.	Total in Scotland.	Increase or Decrease per cent. per annum.	Total in United Kingdom.	Decrease per cent. per annum.
	By Country Offices.	Decrease per cent. per annum.	In London District.	Increase or Decrease per cent. per annum.								
Estimated Number of Free Newspapers - 1856	31,423,000	—	4,425,000	—	35,848,000	—	10,063,000	—	7,376,000	—	53,790,000	—
Average of 5 years 1856-60	29,335,000	4½	4,747,000	4½ Inc.	34,082,000	3	9,314,000	3½	6,887,000	6½ Dec.	50,283,000	3½
Year 1861	25,642,000	3	5,549,000	3½ "	31,191,000	2	8,367,000	4½	6,15,000	1½ Inc.	45,712,000	2
" 1863	25,085,000	2½	5,532,000	½ Dec.	30,617,000	1½	8,367,000	—	6,063,000	1½ Dec.	45,047,000	1½

* By "Free Newspapers" are meant all British Newspapers and Publications bearing the *impressed newspaper stamp*, and all newspapers from abroad upon which no charge has to be made in this Country.

NUMBER and AMOUNT of MONEY ORDERS ISSUED and PAID since 1838.
MONEY ORDERS ISSUED IN UNITED KINGDOM.

Year.	INLAND MONEY ORDERS.						COLONIAL MONEY ORDERS.		TOTAL.	
	ENGLAND AND WALES.		IRELAND.		SCOTLAND.		UNITED KINGDOM.		Number.	Amount.
	Number.	Amount. £	Number.	Amount. £	Number.	Amount. £	Number.	Amount. £		
1839	-	142,723	30,015	47,295	16,183	25,765	188,921	313,124		
1840	-	482,764	53,507	77,167	51,526	80,980	587,797	960,975		
Average of Five Years, 1841-45		2,020,977		339,433	210,093	385,936	2,429,855	4,937,256		
" 1846-50		3,365,969		585,151	374,187	680,696	4,087,703	7,954,533		
" 1851-55		4,393,045		683,277	418,906	769,863	5,219,559	9,941,316		
" 1856-60		5,678,207		863,803	524,097	975,289	6,686,368	12,737,504	†671	1,996
1861	-	6,454,700	12,496,918	529,791	992,307	1,101,149	7,571,357	14,590,374	4,315	12,259
1862*	-	6,444,531	13,459,575	533,917	1,069,958	608,597	7,587,045	15,761,259	6,234	22,899
MONEY ORDERS PAID IN UNITED KINGDOM.										
1839	-	194,004	208,586	47,022	71,426	17,609	31,715	188,615	311,727	
1840	-	429,600	739,963	89,388	120,950	50,900	83,372	569,888	944,287	
Average of Five Years, 1841-45		1,972,625	4,163,991	232,346	356,083	211,425	405,320	2,416,396	4,925,396	
" 1846-50		3,260,108	6,600,193	478,361	681,997	345,402	665,185	4,083,871	7,947,377	
" 1851-55		4,255,830	8,353,431	537,836	772,188	421,161	809,492	5,214,827	9,935,063	
" 1856-60		5,570,482	10,798,880	570,485	950,916	538,653	1,047,843	6,679,620	12,727,639	†6,828
1861	-	6,345,863	12,302,771	625,577	1,084,634	597,997	1,196,589	7,569,437	14,585,994	16,273
1862*	-	6,324,892	13,257,701	651,028	1,176,124	606,073	1,303,649	7,581,993	15,737,474	*28,371

In 1840 the Commission on Money Orders was reduced as follows :—
For any sum not exceeding 2*l.*, from 6*d.* to 3*d.* | For any sum above 2*l.*, and not exceeding 5*l.*, from 1*s.* 6*d.* to 6*d.*
*On the 1st of January 1862, the limit of amount of a single order was extended from 5*l.* to 10*l.*
† Money Order business with places abroad commenced in 1856.

APPENDIX (E.)

AMOUNT of MONEY ORDERS ISSUED and PAID at those Towns in the United Kingdom where the Amount was largest, during the Years 1861 and 1862.

OFFICES.	1861.		1862.	
	Issues.	Payments.	Issues.	Payments.
	£	£	£	£
ENGLAND.				
Bath	70,831	68,942	74,858	71,944
Birmingham	202,821	363,820	222,664	388,401
Bolton	41,648	25,604	40,894	29,968
Bradford, Yorkshire	56,499	50,353	69,390	53,126
Brighton	115,289	103,737	124,449	113,324
Bristol	137,414	231,225	141,323	237,662
Cambridge	41,018	40,123	42,445	43,711
Cardiff	58,397	30,557	65,484	35,088
Cheltenham	56,839	47,161	62,107	49,532
Chester	44,723	51,433	50,237	54,199
Derby	51,539	47,975	53,778	51,916
Devonport	45,006	37,461	44,800	35,188
Exeter	51,968	68,609	53,255	70,025
Gloucester	35,601	38,002	36,190	39,100
Halifax	35,908	33,453	33,436	30,654
Huddersfield	39,305	33,105	42,535	37,071
Hull	93,812	130,570	101,341	137,656
Ipswich	36,318	36,446	37,406	39,530
Leeds	126,223	175,836	135,659	195,684
Leicester	53,188	58,818	60,194	63,828
Liverpool	396,639	424,374	432,213	454,710
London	2,065,692	3,391,644	2,231,978	3,661,830
Manchester	350,175	449,257	352,612	494,792
Newcastle-on-Tyne	108,714	96,759	118,875	102,944
Newport, Monmouth	36,291	25,838	38,118	26,018
Northampton	37,843	31,627	40,835	34,701
Norwich	50,872	69,235	51,232	70,768
Nottingham	79,442	83,030	83,847	85,185
Oxford	43,693	45,608	46,596	49,574
Plymouth	73,360	80,833	78,048	84,011
Portsmouth	94,904	71,728	103,527	77,814
Preston	48,875	41,699	46,352	50,770
Reading	33,550	40,527	35,538	39,529
Sheffield	97,286	114,352	106,999	125,966
Shrewsbury	43,951	33,321	42,011	35,590
Southampton	70,232	70,911	74,840	75,756
Sunderland	68,964	41,696	71,963	48,878
Swansea	44,189	32,436	49,505	31,361
Wolverhampton	52,879	45,796	57,541	49,400
Worcester	40,916	39,306	43,356	42,264
Yarmouth, Norfolk	27,396	43,317	27,334	38,001
York	62,239	62,199	64,454	65,236
IRELAND.				
Belfast	44,785	62,765	50,316	71,397
Cork	35,403	42,909	38,561	49,466
Dublin	351,268	240,990	378,335	256,082
SCOTLAND.				
Aberdeen	40,514	48,954	45,575	52,481
Dundee	35,727	32,559	40,418	35,830
Edinburgh	156,485	238,752	171,714	255,967
Glasgow	175,113	253,052	197,028	279,291

APPENDIX (F.)

GROSS REVENUE, COST OF MANAGEMENT, and NET REVENUE of the POST OFFICE of the UNITED KINGDOM, since the Year 1837.*

Year.	Gross Revenue.(*)	Cost of Management.	Net Revenue.	Postage charged on Government Departments.
	£	£	£	£
1838 (b) - -	2,346,278	686,768	1,659,510	45,156
1839 (c) - -	2,390,763	756,999	1,633,764	44,277
1840 (d) - -	1,359,466	858,677	500,789	90,761
Average of Five } Years, 1841-45 }	1,658,214	1,001,405	656,809	112,468
„ 1846-50	2,143,717	1,304,772	838,944	110,798
„ 1851-55	2,569,836	1,441,334	1,128,502	157,003
„ 1856-60	3,135,587	1,785,911	1,349,676	145,566
1861 - - -	3,528,427	2,003,116	1,525,311	179,012
1862 - - -	3,646,889	2,044,542	1,602,347	162,367

* In this Table the Revenue does not include the produce of the Impressed Stamp on Newspapers, and the Expenditure does not include either the cost of the Packet Service or that of Stationery. The Finance Accounts relating to the Post Office from 1838 to 1859 inclusive, having been constructed in this manner, the same arrangement (so far as this table is concerned, except that, with a view to greater accuracy, the liabilities of the year have been substituted for the disbursements) has been continued subsequently, with a view to facilitate comparison. The correct revenue of the Post Office for the year 1862 will be found at page 27 of this Report.

(a) Namely, the Gross Receipts after deducting the Returns for "Refused Letters," &c.

(b) 1838 was the last complete year before the general reduction of postage.

(c) On 5th December 1839, the maximum Inland Postage for a single letter was reduced to 4d.

(d) On 10th January 1840 the postage on all inland letters weighing not more than $\frac{1}{4}$ oz. was reduced to a uniform charge of one penny.

APPENDIX (G.)

AMOUNT of POSTAGE (including Postage Stamps sold by the Post Office and by the Office of Inland Revenue) during the Years 1861 and 1862, at those Towns in the United Kingdom where the Amount was largest.

	1861.	1862.
ENGLAND.		
Bath - - - - -	£ 17,795	£ 18,433
Birmingham - - - - -	48,818	50,272
Bradford, Yorkshire - - - - -	17,098	19,640
Brighton - - - - -	21,945	22,579
Bristol - - - - -	33,865	35,720
Cheltenham - - - - -	11,834	12,315
Exeter - - - - -	16,334	16,739
Hull - - - - -	20,561	20,819
Leeds - - - - -	30,641	32,736
Leicester - - - - -	10,420	11,238
Liverpool - - - - -	115,268	117,676
London - - - - -	979,662*	1,033,268†
Manchester - - - - -	102,263	93,650
Newcastle-on-Tyne - - - - -	24,844	25,998
Norwich - - - - -	12,740	12,997
Nottingham - - - - -	12,237	13,376
Plymouth - - - - -	11,520	11,493
Sheffield - - - - -	20,364	21,188
Southampton - - - - -	15,182	15,852
York - - - - -	13,368	13,850
IRELAND.		
Belfast - - - - -	18,431	19,189
Cork - - - - -	13,418	13,568
Dublin - - - - -	67,458	65,199
SCOTLAND.		
Aberdeen - - - - -	15,283	16,326
Edinburgh - - - - -	73,863	74,569
Glasgow - - - - -	70,476	73,809

* Including 163,837l. for postage charged on Public Departments.

† Including 140,202l. for postage charged on Public Departments.

APPENDIX (H.)

ABSTRACT OF CONTRACTS for the

Line of Communication.	How often.	Departure.	Number, Size, and Character of Vessels.	Contractors.
I. HOME SERVICES.				
1. HOLYHEAD and KINGSTOWN	Twice a day -	From Holyhead daily (Sundays excepted), after arrival of Train leaving London at 7.30 a.m. Packet to reach Kingstown at 6.5 p.m., Dublin time. On Sundays, after arrival of Train leaving Crewe at 11 a.m. Packet to reach Kingstown at 6.5 p.m., Dublin time. Also, daily, after arrival of Train leaving London at 8.30 p.m. Packet to reach Kingstown at 7.5 a.m., Dublin time. From Kingstown daily, at 7.0 a.m. and 7.20 p.m., Dublin time.	4 Steam Vessels, not less than 300 feet long, 1,700 tons (b.m.), and 600 horse power.	City of Dublin Steam Packet Company, 15, Eden Quay, Dublin, F. Howell, Secretary.
2. LIVERPOOL and DOUGLAS, } ISLE OF MAN }	- - -	- - - -	- - - -	Isle of Man Steam Packet Company, T. Orford, Agent, Tower Buildings, Water Street, Liverpool.
3. LIVERPOOL and RAMSEY, } ISLE OF MAN }	Once a week -	- - - -	- - - -	Ditto -
4. PORTSMOUTH and RYDE -	Once a day to Ryde, and twice a day from Ryde.	From Portsmouth (after the arrival of the Day Mail) at 1.15 p.m., to reach Ryde at 1.50 p.m. From Ryde at 6.45 a.m., and 9.45 a.m.	5 Steam Packets, averaging 120 tons.	Portsmouth and Ryde Steam Packet Company, Alfred Hamber, Manager.
5. PENZANCE and SCILLY -	Three times a week in the Summer, and twice a week in the Winter.	The Mails to be conveyed during the months of April, May, June, July, August, and September, from Penzance every Tuesday and Thursday at noon, and on Saturday at 2 p.m.; and from Scilly every Monday, Wednesday, and Saturday at 7.30 a.m. During the other months of the year, from Penzance every Wednesday and Saturday at noon, and from Scilly every Monday and Friday at 7.30 a.m. The above to be considered as the minimum service.	- - - -	Scilly Islands Steam Navigation Company, Clement William Mansford, Secretary.
6. SOUTHAMPTON and COWES -	Twice a day -	From Southampton at 2 a.m., and 1.45 p.m. From Cowes, 10.30 a.m., and 9.0 p.m.	- - - -	Southampton and Isle of Wight Steam Packet Company, David Cork, Manager, Southampton.
7. GREENOCK and BELFAST -	Daily (Sundays excepted).	Between 5 p.m. and 8 p.m., from each Port.	- - - -	George Burns, Glasgow.
8. ORKNEY ISLANDS -	Every weekday in Summer, and three times a week in Winter.	From Scrabster Pier (Thurso) to Stromness every day (except Sunday), from 1st April to 1st October; and every other day from 1st October to 1st April.	1 Steamer of not less than 133 tons and 60 horse-power, to go 10 knots an hour.	John Stanger, Stromness.
9. SHETLAND ISLANDS -	Weekly -	From Aberdeen on Fridays, and from Lerwick on Mondays, at 6 p.m., if the Packet arrived at Lerwick before 6 a.m., if not, 17 hours after arrival from Aberdeen.	Steamers, of not less than 80 horse-power, from April to Sept. inclusive. Sailing Vessels, of not less than 140 tons, (o.m.) from October to March inclusive.	Aberdeen, Leith, and Clyde Shipping Company, Agents Pirie and Forth, 19, Burchin Lane, E.C.

APPENDIX (H.)

CONVEYANCE OF MAILS BY SEA.

CONTRACT.			Payment.	Contract Time.	Penalties for Overtime.	Premium for Under Time.	Penalty for General Non-Performance.	REMARKS.
By whom made, and when.	Commenced.	When Terminates.						
Post Office, 3 Jan., 1859.	1860, 1 Oct.	After 5 years from 1 Oct., 1860, if Postmaster-General be dissatisfied with performance of Contract; otherwise, on 12 months' notice, after 30 September, 1873.	£ 85,900 per annum.	Not defined, being included in General Contract for Conveyance of Mails between London and Dublin.	£1 14s. 0d. per minute, if journeys between London and Kingstown, and Crewe and Kingstown exceed 11 hours and 7¼ hours respectively from appointed time of departure.*	- -	- -	The Annual Payment liable to be reduced in amount when the Receipts arising from Passenger traffic, or (if the Contractors are hereafter empowered to carry Cattle and Goods) from the traffic generally, reach a certain sum. (Section 16.)
- - -	- -	- -	850 per annum.	- -	- -	- -	- -	This Contract expired long since; but the service is continued upon the same terms. The Company's vessels run more frequently than required under the old Contract, and carry Mails on every voyage.
Post Office, 30 Dec., 1857.	- -	- -	100 per annum.	- -	- -	- -	- -	
Post Office, 13 Feb., 1847.	1847, 14 Feb.	On 3 months' notice.	50 per annum.	- -	- -	- -	- -	
Post Office, 1 Mar., 1859.	1859, 1 March.	Ditto -	300 per annum.	- -	- -	- -	- -	
Post Office, 30 Sept., 1851.	1854, 1 Oct.	On 6 months' notice.	750 per annum.	- -	- -	- -	- -	
Post Office, 16 July, 1849.	1849, 16 July.	Ditto -	Performed free of expense.	- -	- -	- -	£ 100	
Admiralty, 25 Mar., 1856.	1856, 1 April.	On 31 March, 1863.	1,300 per annum.	- -	- -	- -	500	Contract of 1856 terminated 31st March, 1861, but renewed from year to year.
Admiralty, 12 April, 1855.	1840, 1 Feb.	On 6 months' notice.	1,200 per annum.	60 hours	- -	- -	500	Contract of 1840 terminated in 1855, but was renewed. Steamers may touch at intermediate ports of Wick and Kirkwall, but sailing vessels must go direct.

* These penalties are at present suspended, owing to the state of the harbour at Holyhead.

Appendix.

Abstract of Contracts for the

Line of Communication.	How often.	Departure.	Number, Size, and Character of Vessels.	Contractors.
10. CHANNEL ISLANDS -	Three times a week.	From Southampton on Monday, Wednesday, and Friday, at 11.45 p.m. From Jersey, Monday, Wednesday, and Friday, at 7 a.m.	3 or more Steamers of not less than 120 horse-power.	London and South-Western Railway Company, Waterloo Road, S. L. Crombie, Secretary.
II. COLONIAL AND FOREIGN SERVICES.				
11. DOVER and CALAIS -	Daily (Sundays excepted).*	From Dover on arrival of Night Mail Train from London. From Calais on arrival of Night Mail Train from Paris.	6 Steamers of 100 tons each (n. m.), one of which is to be kept as a spare Packet, and one for special services, to go 13 knots on an average; also a small Steamer for landing Mails at Calais.	J. G. Churchward, Admiralty House, Dover, and 46, Lombard Street, E.C.
DOVER and OSTEND -	Three days a week.	From Dover on arrival of Night Mail Train from London on Tuesday, Thursday, and Saturday. From Ostend on arrival of Mail Train from Brussels on Monday, Wednesday, and Friday.		
12. SOUTHAMPTON, GIBRALTAR, MALTA, and ALEXANDRIA -	Four times a month.	From Southampton on the 4th, 12th, 20th, and 27th of every month.	A sufficient number of Steamers of not less than 1,100 tons. For the service between Marseilles and Alexandria, Steamers of not less than 600 tons.	Peninsular and Oriental Steam Navigation Company, 123 Leadenhall St., E.C., C. W. Howell, Secretary.
MARSEILLES, MALTA, and ALEXANDRIA -		From Marseilles on the 12th, 20th, 28th, and 5th of every month; except when the 10th, 18th, 26th, or 3rd falls on a Sunday, then on the 13th, 21st, 29th, or 6th of the month.		
SUEZ and BOMBAY -		Fitted to Departures from Southampton of 12th and 27th.		
SUEZ and CALCUTTA -		Fitted to Departures from Southampton of 4th and 20th.		
BOMBAY and CHINA -	Ditto -	Ditto -	-	-
13. POINT DE GALLE and SYDNEY -	Once a month	Fitted to Departure from Southampton of 20th.	A sufficient number of full power Steamers (not less than 3).	Ditto -
14. SUEZ and MAURITIUS -	Ditto -	Ditto -	2 Steamers, at least, of not less than 850 tons register.	Ditto -
15. AUSTRALIA and NEW ZEALAND -	Ditto -	From Sydney on the 15th of every month	Not less than 4 Steamers; one of not less than 800 tons, and 140 horse-power; two of not less than 500 tons, and 80 horse-power; and one of 350 tons, and 70 horse-power.	Intercolonial Royal Mail Steam Packet Company (Limited), Office, 41, Moorgate Street, E.C., James Warley, Secretary.
16. LIVERPOOL, HALIFAX, and BOSTON -	Weekly -	Every Saturday from Liverpool alternately, to Boston via Halifax, and direct to New York. Returning from America every Wednesday alternately, from Boston via Halifax, and direct from New York. From New York to Nassau, on arrival of each alternate Packet from Liverpool.	A sufficient number of Steamers (not less than 8), of not less than 400 horse-power; and one of 50 horse-power, for service between Nassau and New York.	Sir S. Cunard, Bart., Edmonton, N.; G. Burns, Glasgow; and Charles Mac Iver, Liverpool. Agent in London, J. B. Foord, 53, Old Broad Street, E.C.
LIVERPOOL and NEW YORK -	Once a month			
NEW YORK and NASSAU (Bahamas) -				

Conveyance of Mails by Sea—continued.

CONTRACT.			Payment.	Contract Time.	Penalties for Overtime.	Premium for Under Time.	Penalty for General Non-Performance.	REMARKS.
By whom made, and when.	Commenced.	When Terminates.						
Admiralty, 1 Oct., 1855.	1855, 1 Oct.	On 6 months' notice.	£ 4,000 per annum.	To or from Guernsey in 9 hours, and to or from Jersey in 12 hours.	- -	- -	£ 2,000	
Post Office, June, 1860.	- -	On or after 30th June 1863, if 12 months' notice previous has been given.†	18,000 per annum, but Contractor to pay tolls, dues, &c., at Calais.	- -	£15 when Mails are too late for the Mail Train.	- -	- -	To perform 12 special Voyages each year, and to provide a special Packet for Indian and Australian Mails. * By subsequent agreement a Sunday service is maintained, at an annual cost of £600. † Notice to terminate contract given on 14th June 1862.
- - -	- -	- -	- -	13 days	- -	- -	- -	
Admiralty, 1 Jan., 1853, 7 July, 1855, 15 Nov., 1850, 4 April, 1852, or earlier	1852, 1 April	On 12 months' notice.	162,125 22,000 21,000 5,000 15,500* 24,000† 249,625** per annum.	6 days	- -	- -	25,000 5,000	* For additional services. † The second service in the month between Bombay and Shanghai (viz., that fitted to the departure from Southampton of the 20th), for which payment is made at the rate of £24,000 a year, is terminable on 6 months' notice.
- - -	- -	Vide Note†	- -	25 days	- -	- -	- -	** By an agreement dated 1st June 1861, the sum of £15,000 is deducted from this annual payment, in consideration of the Government privilege of sending passengers by the mail packets at reduced fares, having been relinquished.
Post Office, 16 April, 1861.	1861, April.	On 6 months' notice.	134,672 per annum.	22 days from Point de Galle to Sydney; 24 days from Sydney to Point de Galle, with 24 hours additional for stay at Melbourne.	£200 for every 24 hours.	£50 for every 24 hours.	25,000	
Post Office, (on behalf of Government of Mauritius) 16 April, 1861.	1861, February.	On 12 months' notice.	30,000 per annum.	To Mauritius, 18 days. From Mauritius, 20 days.	- -	- -	5,000	The Packets call at the Seychelle Islands on each of the homeward voyages; and on each of the outward voyages, except during the months of June, July, and August.
Admiralty, 28 May, 1858.	1858, 1st Nov., See Treasury letter, dated 20 July, 1860.	On or after 7 years from commencement of service, if 12 months' notice previous has been given.	22,000	- -	- -	- -	4,000	The powers under this Contract have been delegated to the Government of New Zealand.
Admiralty, 24 June, 1858.	1858, 24 June.	At or after end of 1867, if 12 months' notice previous has been given.	173,340 3,000	- -	- -	- -	36,000	The Packets call at Queenstown to land and embark Mails. Return Mails in stress of weather may be landed at Bristol, Plymouth, Southampton, Portsmouth, Dover, or Deal.

Abstract of Contracts for the

Line of Communication.	How often.	Departure.	Number, Size, and Character of Vessels.	Contractors.
17. HALIFAX, BERMUDA, and ST. THOMAS - - - HALIFAX and NEWFOUNDLAND -	Once a month Once a month in Winter, twice a month in Summer.	To leave Halifax within 24 hours after arrival of the Packet from England, conveying the mails to Boston.*	A sufficient number of wooden Steamers, of not less than 350 tons (o. m.) Screw Propeller, 80 horse-power.	Sir S. Cunard, Bart. Edmontou, N.
18. WEST INDIES - - - BRAZILS and RIVER PLATE To touch at Lisbon, St. Vincent, Pernambuco, and Bahia - - -	Twice a month Once a month	From Southampton on the 2nd and 17th of each month, except when those days fall on Sunday: then on the following days. From Southampton on 9th of each month, except when 9th falls on Sunday; then on the 10th. From Rio de Janeiro to Buenos Ayres, touching at Monte Video 2 days 16 hours after arrival of Packet from Southampton.	A sufficient number of Steam Vessels (3 to be of iron, of not less than 3,000 tons burthen and 800 horse-power, for Transatlantic Service.) 1 to be of iron, of not less than 1,000 tons burthen and 250 horse-power for River Plate Service - -	Royal Mail Steam Packet Company Office, 55, Mark Lane Street, E.C. R. T. Bep. Secretary.
19. PACIFIC - - -	Twice a month	From Panama on 9th and 24th of each month, at 2 p.m.	6 or more Steamers; 5 260 horse-power, and of 220 horse-power.	On the Steam Navigation Company, 123 Leadenhall St., E.C. W. J. Coal. Secretary.
20. WEST COAST OF AFRICA - To touch at Madeira, Teneriffe, Bathurst, Sierra Leone, Cape Palmas, Cape Coast Castle, Accra, Lagos, Benin (River), Nuno (River), Brass (River), Bonny (River); a Branch Packet from Bonny to touch at Fernando Po, Cameroons, Old Calabar, &c. - - -	Once a month	From Liverpool on 24th of each month, except when 23rd falls on a Sunday; then on 25th.	A sufficient number (not less than 7) screw Steamers, to go 8 knots an hour on the average, 4 to be of not less than 978 register tons burthen (o. m.) and 250 horse-power, 2 of 650 tons and 150 horse-power, and 1 (to be employed intercolonially) of 440 tons and 100 horse-power.	African Steam Ship Company, 1, Mark Lane, E.C. Duncan Campbell Secretary.
21. CAPE OF GOOD HOPE -	Ditto	Tenders for a new service having been called for, the tender of the Union Steam Ship Company has been accepted. Contract not yet signed.		

Conveyance of Mails by Sea—continued.

CONTRACT.			Payment.	Contract Time.	Penalties for Overtime.	Premium for Under Time.	Penalty for General Non-Performance.	REMARKS.
By whom made, and when.	Com-menced.	When Terminates.						
Admiralty, 1 July, 1854.	1854, 1 July.	At or after end of 1862, if 12 months' notice previous has been given, or on discontinuance of No. 16 line of Steamers.	£ 14,700 per annum.	- -	- -	- -	£ 3,000	Stay at Newfoundland not to exceed 48 hours. * Permission has been given for these Packets to defer their departure from Halifax until after arrival of Packet from Boston.
Admiralty, 5 July, 1850, and 25 Feb., 1856.	1851, 1 Jan.	At or after end of 1863, if 12 months' notice previous has been given.†	270,000 per annum, less 1,500 per annum, the Sailing Vessel which was provided for the Bahamas Service having been withdrawn.	To St. Thomas, 14 days 12 hrs. To Colon, 19 days 15 hours. To Rio de Janeiro, 26 days 6 hours. From Rio de Janeiro, 25 days 5 hours. To Buenos Ayres, 33 days 12 hrs. From Buenos Ayres, 36 days 21 hours.	- -	- -	50,000	† Notice to terminate contract given 29th Nov. 1862.
Admiralty, 23 Sept., 1850, 13 Nov., 1850, and 6 April, 1853.	1852, 1 April, or earlier.	On or after 31st March 1865, if 12 months' notice previous has been given.	25,000 per annum.	From Panama to Valparaiso, 19 days 21 hours. From Valparaiso to Panama, 18 days 19 hours, with 24 hours more for calling at Guayaquil.	- -	- -	4,000	
Admiralty, 7 July, 1858.	1858, 24 Sept.	On or after 23d Sept. 1866, if 12 months' notice previous has been given.	30,000 per annum.	To Bonny, 32 days 16 hours. From Bonny, 34 days 12 hours.	- -	- -	2,000	

APPENDIX (I.)

TREATMENT OF OBSCURELY AND IMPERFECTLY DIRECTED LETTERS, AND OF SUCH AS CANNOT BE DELIVERED.

1. WHENEVER a letter is found, the address of which is illegible or incomplete, it is passed at once to the "blind officer," whose duty it is to try to decipher the writing, to correct any evident mistake or omission, and to put the letter in course to reach its destination.

2. The "Blind Officers" are supplied with all the principal London and Provincial Directories, Guides, and Gazetteers, by the help of which, and of their own intelligence, they generally succeed in making out the destinations of the letters referred to them. They are indeed able at once to dispose of many letters which a stranger would consider it impossible to find owners for.

3. A letter is always presented in the first instance at the place to which it is addressed; but, if wrongly directed, and the name is known to the letter carrier, it is then offered to the person for whom it is supposed to be intended.

4. Unless the cause for non-delivery is conclusive, no letter is sent to the Returned Letter Branch without the attempt to deliver it being repeated by another letter carrier.

5. After leaving the letter carriers' hands, the address of every undelivered letter, and the endorsements it bears, are carefully examined by a superior officer, who is held responsible for discovering any wrong treatment it has undergone, and for having recourse to any further available means of finding the owner.

6. The regulations by which this officer is guided are framed with the double purpose of leaving no reasonable chance of delivering the letter untried, and of ensuring its speedy return to the writer if these efforts prove unsuccessful. It is, however, considered better that the sender should be aware, as soon as possible, that the letter has not reached its destination, than that the letter should travel about with but little probability of its ever reaching the person for whom it is intended.

7. On its arrival at the Returned Letter Branch, every letter is first examined by an experienced Officer to make sure that it has been actually presented as addressed, and that the reasons assigned for its non-delivery are sufficient. In doubtful cases the Directories and other books of reference in the Returned Letter Branch are consulted, and, should it be found that there has been any oversight or neglect, the letter is immediately reissued.

8. The addresses of some letters are at once seen to be erroneous. Thus: — "Lombard Street, Manchester;" "St. Paul's Churchyard, Liverpool;" "Ludgate Hill, Newcastle;" all obviously intended for London; or "London" is sometimes added in mistake for a provincial town. Such letters are at once sent out for trial at what are believed to be their real destinations.

9. In the same manner, letters for officers in the army and navy, when on service, for dignitaries in the church or state, and for other persons of rank or eminence, whose correct addresses are known or can be ascer-

tained, are immediately sent to their right destination however erroneously directed.

10. About 300 letters, &c., are thus reissued daily.

11. When it has been fully ascertained that nothing further can be done to effect the delivery of a letter, such letter if it contains an address, is returned to the writer on the same day that it reaches the Returned Letter Branch ; and when possible this is done without breaking the seal, or examining the contents ; some hundreds of letters being returned daily by means of information on the outside of the covers.

12. If, on opening a letter, it is found to contain any article of value, the address and contents are recorded for reference in case of inquiry.

13. When such letters contain the sender's address they are specially returned, and a signature obtained for them ; and if there is no address in them, pains are taken to discover the writer by the names or addresses of persons mentioned in the letter, or in other ways. Bills of exchange, cheques, and money orders almost always furnish a clue to the senders, and inquiries are often made of bankers and others.

14. When all the efforts to effect a delivery fail, the letter, if from abroad, is retained from one to two months, and then returned to the country from which it was received ; but if it originated in this country, and do not contain property, it is not preserved.

15. A much larger proportion of the undelivered letters could be returned if the senders were more careful in writing their names and addresses fully and plainly inside, or if they were embossed on the envelopes.

With few exceptions the foregoing regulations apply not only to letters, but to newspapers and books.

(B.)

EXPLANATION OF BALANCE.

Balance due at the close of the year to all depositors	£	s.	d.
Monies remitted to the Commissioners for the Reduction of the National Debt from 16th Sept. 1861 to 31st Dec. 1861	-	155,051	4 3
Ditto	-	1,479,915	11 11
		<u>1,634,966</u>	<u>16 2</u>
Deduct—Amount transferred from Post Office Savings Banks to banks for savings, and which has been written off the account of Post Office Savings Banks at the National Debt Office	-	267	5 11
		<u>1,634,699</u>	<u>10 3</u>
Net amount lodged with the Commissioners for the Reduction of the National Debt for investment	-	22,011	14 5
Add—Interest accruing to depositors up to 31st Dec. 1862, including that which had accrued up to 31st Dec. 1861	-	41,591	2 4
Balance remaining on 31st Dec. 1862, to be paid over for investment	-		
		<u>1,698,302</u>	<u>7 0</u>

(C.)

An Account of the EXPENSES incurred in the ESTABLISHMENT of POST OFFICE SAVINGS BANKS and the MANAGEMENT of the same from the 16th September 1861 to the 31st December 1862.

Cost of the transaction of Savings Bank business by Postmasters and Receivers	-	2,587	11 9
Cost of work done in the Money Order Offices of London, Dublin, and Edinburgh, and in the Receiver and Accountant General's Office in London in connexion with Savings Bank business.	-	13,332	19 0
Salaries and wages of clerks and messengers in the Savings Bank Department, and expenses incurred in giving preliminary instructions to Postmasters and Receivers.	-		
Rent of office and of furniture, and cost of fuel and light, &c., &c.	-	584	3 0
Postage	-	2,258	4 2
Stationery	-	1,828	9 11*
		<u>20,591</u>	<u>7 10</u>

* This sum represents the total cost of the service up to 31st December 1862, but a large portion of it was not paid until after that date.

FRANK IVES SCUDAMORE, Receiver and Accountant General.
GEO. CHETWIND, Controller of Post Office Savings Banks.

APPENDIX (K.)

EXTRACTS FROM THE MEDICAL REPORT UPON THE LONDON
OFFICES FOR THE YEAR 1862.

	*	*	*	*	*
CANDIDATES EXAMINED BY THE MEDICAL OFFICER.					
Clerks approved	-	-	-	-	48
„ rejected	-	-	-	-	3
					51
Letter-carriers approved	-	-	-	-	77
„ rejected	-	-	-	-	31
					108
Labourers approved	-	-	-	-	12
„ rejected	-	-	-	-	2
					14
Total candidates passed	-				137
„ rejected	-				36
Total candidates examined	-	-			173

This table shows that about 21 per cent. of the candidates were considered physically unfit for the duties.

GENERAL HEALTH OF THE OFFICERS.

Among the total of 3,098 persons there have been 2,460 cases of illness, a very great majority of which have been of slight character, and having mostly been attended to early, have been easily cured.

The attacks of rheumatism and diarrhœa continue to diminish in number and in intensity, as they have done since the Macintosh capes have been discontinued to the letter carriers, and since the supply of water from the pump belonging to the Goldsmiths' company has been stopped, and less impure filtered water supplied in its place.

The seasons, however, have been unusually favourable during the past year as regards both these complaints. The summer and autumn temperatures were below the average, while the winter has hitherto been unusually mild.

The average absence of each clerk in the department from illness was about $7\frac{1}{4}$ days. In the previous year it was $8\frac{1}{2}$ days.

Thirteen clerks, however, have been off duty from illness above three months.

The number of sorters and letter carriers in the entire town district averaged 2,463. Among that number there were 2,073 separate cases of illness. The aggregate absence from duty on this account was 17,460 days. This gives an illness of $8\frac{1}{2}$ days' duration for each case, and of 7 days of illness to each man. In the previous year this was $7\frac{1}{4}$ days.

Twenty-two men against 33 in the preceding year have been off duty on account of illness for periods exceeding three months.

This is a very favourable sick list.

EPIDEMIC DISEASES.

There have been a few cases of small pox during the year. In one instance, a letter carrier who was suffering from this complaint communicated it to a brother officer.

I am inclined to recommend that in future all candidates for appointments should show satisfactory proofs of their having been efficiently vaccinated, or certify that they have taken the disease naturally. I believe such a rule obtains in the Army and Navy. In many foreign countries regulations with respect to vaccination are enforced far more rigorously than in England, and with the best possible results.

Dr. Bradford of the Northern District Office writes in his annual report "only a few mild cases of influenza occurred here. I would mention, however, that I have attended four of the letter carriers who have "suffered from bites of dogs; a number seeming to call for the adoption "of preventive measures."

HEALTH OF THE DISTRICT OFFICES COMPARED WITH EACH OTHER.

The average absence from sickness has been very much less at the newly built South Western Office than at any other.

In common with the previous year, the South Eastern, the old office in the Borough, again has pre-eminence over the nine other offices in averaging the largest amount of sickness among the officers employed there.

The average absence in days through illness, of the two offices just mentioned are for the South Western $3\frac{1}{2}$ days, and for the South Eastern $10\frac{1}{2}$ days.

The duration of each case of sickness has been the least at the North Eastern, and the greatest at the South Eastern. It was the same in the previous year.

I append a few brief remarks concerning the present condition of some of the District Offices. They are extracted from the Annual Reports made to me by the various District Medical Officers.

Western Central, under my own charge. This office has every means of being well ventilated, but the windows in the roof are far too frequently closed when they should be opened for the exit of the heated and impure air.

The Medical Officer of the Eastern Office, remarking on the sanitary condition of that office, says, "Everything is most satisfactory."

Messrs. Evans and Ebsworth, writing on the condition of the South-Eastern, an old office, but in which some considerable alterations have recently been made with a view to improving the ventilation, state that, "the office is much more healthy since the alterations."

Mr. Jeffree writes that, "the New Southern District Office is everything that can be desired, and must tend materially to promote the health of the men."

The Medical Officer in charge of the South-Western Office writes, "Since the occupation of this new office, there has been but one opinion among the men as to its comfort." "All the officers who reside in the district that have come under my supervision occupy, I am glad to say, "well ventilated rooms, with an appearance of considerable comfort."

The Medical Attendant of the Western Office writes, "The returns show a state of health incompatible with any serious defect in the office or dwellings of the officers." He adds, however, "the office gets much heated by the gas during evening duty, and the men consequently are liable to take cold on going out on their deliveries, but this, perhaps, is not easily remedied."*

I do not agree with this conclusion.

DEATHS.

(Clerks, Inspectors, &c., 635 in number.)

Diseases.	Age at Death.				Total.
	Between 20 and 30.	Between 30 and 40.	Between 40 and 50.	Between 60 and 70.	
Decline - - -	1	—	—	—	1
Inflammation of lungs -	—	1	—	—	1
Scarlet fever - - -	—	—	1	—	1
General decay from age	—	—	—	1	1
Total - - -	1	1	1	1	4

Showing a mortality of about 6·3 per 1,000.

(Letter Carriers, Sorters, Labourers, &c., 2,463 in number.)

Diseases.	Age at Death.				Total.
	Between 20 and 30.	Between 30 and 40.	Between 40 and 50.	Between 50 and 60.	
Decline - - -	3	1	2	2	8
Bronchitis - - -	3	—	—	1	4
Heart disease - - -	—	—	—	1	1
Bowel - - -	—	1	—	1	2
Exhaustion after diarrhœa.	—	1	—	1	2
Malignant abdominal tumour.	—	—	1	—	1
Not known - - -	—	—	1	—	1
Total - - -	6	3	4	6	19

A mortality of 7·7 per 1,000. Both these death rates are very favourable, though slightly in excess of those of the year 1861.

Pensioned Officers.

There were 12 deaths among 377 superannuated officers of all classes, including clerks, inspectors, letter-carriers, &c. A mortality of 32 per 1,000.

* Instructions have been given with a view to remedy this evil.

The youngest of those whose ages were known was 38, the oldest 83. Their average age at death was 63 years.

Total Deaths.

The total deaths, therefore, among the effective and non-effective officers of the Department (excluding only the travelling officers), were 35. These occurring among 3,475 persons, that is to say, 3,098 working officers and 377 pensioners, give a death rate of 10 per 1,000.

Six men retired during the year on account of failing health ; but even if all these be included in the list of deaths, the total number will only amount to 41, which gives a mortality of 11·8 per 1,000.

* * * * *

TRAVELLING BRANCH OF THE MAIL OFFICE.

(309 in number.)

As the officers attached to this portion of the service discharge their duties under different circumstances from those of any other, namely, while travelling on railways, I have thought it advisable to keep the statistics connected with their health separate from the others.

As much interest has lately been manifested in the medical profession, and among the public at large, with regard to the effects of railway travelling on health, I have been anxious to ascertain whether the officers connected with the Post Office who were thus employed, were affected by any special complaints that might be attributed to this cause, or whether, and if so, in what degree, their health was at all influenced thereby.

The conclusions I had arrived at from the experience I had gained up to the commencement of the year 1862, were the following :—

1. That independent of a certain liability to injury from collisions and other accidents, railway travelling has little, if any, injurious effect on healthy, strong, well-built persons, if the amount be not excessive, and if they take moderate care of themselves.

2. Persons who take to habitual railway travelling after the age of twenty-five or thirty, are more easily affected than those who begin earlier.

3. The more advanced in age a traveller is, the more easily is he affected by this sort of locomotion.

4. Weak, tall, loosely-knit persons, and those suffering under various affections, more especially of the head, heart, and lungs, are very unsuited for habitual railway travelling.

As these conclusions showed that persons of certain constitutions were specially unfitted for travelling duties, I submitted a recommendation to the Postmaster General, that in future all candidates for the office of railway clerk, sorter, and mail guard, should undergo a special medical examination as to his physical fitness for these duties before being appointed.

His lordship was pleased to approve of that recommendation, and from that time all the candidates have been so examined, with marked benefit to the service.

The statistics connected with the health of the travelling officers during the past year appear to corroborate the conclusions I had previously arrived at. There is little difference, if any, between the ratio of the health and mortality of the officers employed on the railways and those engaged in the other branches of the service.

There were no deaths from railway accidents, but one officer was absent from duty a considerable portion of the year, and two others were pensioned on account of "injuries received on the railway."

* * * *

Among the 309 officers there were but 137 attacks of illness, a smaller proportion than in any other portion of the service.

The total amount of absence in days caused by illness was 2053, giving an average duration of each case of sickness of 15 days; an amount nearly twice that of each case in the other parts of the office. The average absence of every officer in this department from sickness was $6\frac{1}{2}$ days. This would not have been nearly so large but for the case of illness from the railway accident, and from the prolonged absence of another officer caused by insanity, entirely unconnected with the nature of his duties.

There were two deaths during the year among the 309 officers; a mortality of rather less than 7 per 1,000, and very nearly the same as the proportion of deaths among the other officers. One of these was due to consumption, the other to disease of the heart and subsequent dropsy.

Four persons retired from the service on pensions, two from old age, one being 64 years of age, the other 69. The causes of the retirement of the two others are stated to be from "injuries received on the railway."

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