

The following extract from the Treasury Minute will show very clearly how carefully the question of Inter-colonial Postage had been considered,—

“The plan would practically amount to an equal division of the postage between the Colonies and the United Kingdom; while the *Inter-colonial Postage would go entirely to the Colonies.*”

Again, it is said that in order to ensure this “equal division,” each Colony should retain the postage on letters despatched to the United Kingdom, or to *either of the other Colonies*. The general result being that each Colonial Government should be “left free to regulate their rates of postage in any way they thought fit.”

As to the second point; that the fact of the New Zealand service having been established without a reference to the other Australian Colonies prevents it from being considered as a part of the general scheme: it may be observed in the first place that there is nothing in the Treasury Minute to make such reference necessary; but that, on the contrary, New Zealand had a right to claim the establishment of the line in fulfilment of the engagement already entered into by the other parties to the compact.

It is argued, however, that Mr. Sewell’s “earnest request” that this condition should be complied with, without going through the forms of a reference which would necessarily create great delay, is to be taken as a renunciation on the part of the Colony of so essential a stipulation.

The whole matter was left to the discretion of the Home Government, and it is difficult to conceive how Mr. Sewell’s urgency to have the conditions of the compact fulfilled can be construed as a waiver of the rights which arose under it.

With regard to the specific demand that out of the Postage collected by the Colony on correspondence passing between New Zealand and Australia there should be paid over to the Imperial Treasury the sum of 4d. on each half-ounce letter transmitted by the I. R. M. Company’s vessels, it must be noticed that for a portion of the time during which these vessels have been running only 2d. was levied on such letters, and that consequently a compliance with the demand is an impossibility.

Moreover, even apart from all question as to the justice of the claim, the principle upon which it is founded would not entitle the Imperial Government to a share of the postage collected on all Inter-colonial letters.

By that principle, the portion of the correspondence concerning which the present question has been raised, is divided into two classes,—

- 1st. The correspondence between Australia and New Zealand.
- 2nd. That between the different Provinces of the Colony.

It is assumed that the former is conveyed, (when conveyed at all by the Company’s vessels) in vessels subsidized solely by the Imperial Government; and the Imperial Government claims a portion of the postage as a reimbursement for this outlay, leaving to the Colony the postage on Inter-provincial letters, inasmuch as these are conveyed exclusively at Colonial cost.

This assumption, however, is unfounded; the Inter-colonial correspondence conveyed by the Company’s vessels is not conveyed by vessels exclusively subsidized by the Imperial Government; a large portion being conveyed in vessels subsidized by the Colony.

It was found that the plan laid down in the original contract between the Admiralty and Messrs. Pearson and Coleman was exceedingly defective; and, more particularly, that its provisions rendered the Inter-colonial service almost useless, at least as a mail service.

The Colony was therefore under the necessity of supplementing at its own cost what was required for making the service effective; and by paying a large additional outlay on the stipulated subsidy for Inter-provincial communication, a second Inter-colonial line has been established by the Company at the sole cost of the Colony.

The maintenance of this additional line, therefore, on the principle above stated of reimbursing each party out of the postage collected on correspondence conveyed by vessels subsidized by each respectively, would necessitate the further subdivision of the Inter-colonial correspondence carried by the Company’s Steamers into two parts, viz:—

- 1st. That conveyed by the line of steamers subsidized by the Imperial Government;
- 2nd. That conveyed by the line subsidized by the Colonial Government;

Of which the first portion only would be subject to the proposed charge.

But it is further stated (apparently for the purpose of shewing that, whether the Colony admits the claim or not, the Imperial Government has the power of demanding any payment it may choose to impose on Inter-colonial letters,) that a clause has been introduced into the contract between the Admiralty and the firm of Pearson and Coleman, by which the two contracting parties agree that the postage on packets conveyed by vessels employed under that contract shall be at the disposal of Her Majesty’s Postmaster-General.

It seems hardly necessary to say in reply to this that an arrangement between two parties cannot in any way bind a third party; inasmuch as the Company has no power to appropriate the Postal or any other Colonial Revenue, which is made by Act of Parliament subject only to appropriation by the General Assembly. The clause, if interpreted in this sense, is simply inoperative as being contrary to Law.

If regarded as a question of good faith, it would also clearly be inoperative, as inconsistent with the broad general features of the plan to which all parties are pledged, as detailed in the Treasury Minute already several times alluded to.

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General Post Office, Auckland,
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