

COPY OF A DESPATCH FROM THE DUKE OF NEWCASTLE TO GOVERNOR SIR GEORGE GREY.

Downing Street,
12th August, 1861.

SIR,—

3rd August, 1861.

I communicated to the Lords Commissioners of the Treasury the memorandum of the Postmaster General of your Government respecting the appropriation of the Postage on letters conveyed between New Zealand and the Australian Colonies, which was enclosed in Colonel Gore Browne's Despatch No. 68, of the 19th of July last; and transmit for your information, and with a view to its being laid before your responsible advisers, a copy of the letter which has been received in reply.

Governor Sir George Grey, K.C.B.,
&c., &c., &c.I have, &c.,
NEWCASTLE.

Enclosure 1 in No. 4.

MR. HAMILTON TO SIR F ROGERS.

Treasury Chambers,
3rd August, 1861.

SIR,—

With reference to your letter of the 9th November last, and former correspondence, I am directed by the Lords Commissioners of Her Majesty's Treasury to acquaint you for the information of the Duke of Newcastle, that their Lordships have had under their consideration the observations of the Postmaster of New Zealand on the subject of the appropriation of the postage on letters conveyed between New Zealand and the Australian Colonies.

They still adhere to the view taken by their letter of the 12th April, 1860, that the contract for the Postal service between Australia and New Zealand cannot be treated as a part of the general scheme proposed in the Minute of 27th November, 1855.

One of the most important conditions of that arrangement, viz., that the Australian Colonies generally should contribute one-half of the subsidy payable for any Inter-colonial service, was waived at the time when the contract was made in this country by Her Majesty's Government.

This having been the case, the arrangement that each Colony should retain the postage on letters dispatched to the other Colonies could not be applied to the New Zealand service.

In reply to the communications that were addressed to the several Colonies upon the letter of this Board of 12th April, 1860, the Government of New South Wales and Victoria have agreed to account to Her Majesty's Government for 4d. out of every 6d. received, per half-ounce, on letters posted in those Colonies for New Zealand, and their Lordships are of opinion that the arrangement is equitable under present circumstances, and so long as those Colonies do not contribute towards the cost of the New Zealand Service.

With regard to New Zealand, my Lords are of opinion that Her Majesty's Government is entitled to a portion of the sea postage on Inter-colonial letters.

The Postmaster of that Colony states that during a certain period 2d. only was received on these letters. Under these circumstances their Lordships' claim cannot be complied with in respect of that period.

They consider, however, that for the period during which 6d. may have been charged, until the commencement of the extended service, Her Majesty's Government has a claim to 4d. out of each 6d. received in New Zealand on Inter-colonial letters.

From the commencement of the extended service my Lords consider that Her Majesty's Government is entitled to the same proportion of postage on letters conveyed by the vessels of the Inter-colonial Steam Packet Company, provided under the original contract, and for the subsidy of £24,000 a-year, leaving the postage of letters forwarded by the additional line of Packets subsequently established by the same Company at the sole cost of the New Zealand Government to be appropriated by that Government.

If, however, it should be found to be difficult to make the distinction between the two classes of letters, my Lords consider that the Colony might retain three-tenths of the sea-postage of 4d. per half-ounce, remitting the balance to Her Majesty's Government.

My Lords think that, when the time approaches for the termination or the renewal of the existing contract with the Inter-colonial Steam Packet Company, the whole question of the proportions of the subsidy to be paid by the Imperial, Australian, and New Zealand Governments respectively, should be reconsidered.

Sir F. Rogers, Bart.,
&c., &c., &c.I am, &c.,
GEORGE A. HAMILTON.