

FURTHER PAPERS

RELATIVE TO THE

STEAM POSTAL SERVICE.

(In continuation of Papers presented 30th July, 1860.)

CORRESPONDENCE RELATIVE TO THE
MAIL CONTRACT SERVICE
BETWEEN GREAT BRITAIN AND THE AUSTRALIAN
COLONIES.

No. 1.

COPY OF A DESPATCH FROM HIS GRACE THE DUKE OF NEWCASTLE TO GOVERNOR GORE BROWNE, C.B.

Downing Street,
26th April, 1861.

SIR,—

With reference to previous correspondence on this subject, I have the honor to transmit to you the accompanying letter from the Treasury, enclosing a Copy of a Minute from the Lords Commissioners respecting the conduct of the Mail Service between this country and Australia, and the manner in which the expense of that Service is to be defrayed by the Home Government and the several Colonies concerned.

25th April, 1861

You will observe that their Lordships will be glad to be informed of the views entertained by your Government in connection with this question.

I have, &c.,

Governor Gore Browne, C.B.,
&c., &c., &c.

NEWCASTLE.

Enclosure in No. 1.

MR. HAMILTON TO MR. ELLIOT.

Treasury Chambers,
25th April, 1861.

SIR,—

With reference to the several Despatches from the Governors of the Australian Colonies, recently forwarded by you to this Board, on the subject of the Mail Service between England and Australia, I am desired by the Lords Commissioners of Her Majesty's Treasury to transmit, for the information of His Grace the Duke of Newcastle, the enclosed Copy of a Minute of their Lordships upon the subject, dated the 25th instant, and I am to state that my Lords would be glad if steps could be taken for communicating their Minute to the several Colonial Governments interested, by the outgoing Mail.

I am to add, that copies of the Contract, when completed, shall be also forwarded to the Colonial Office.

I have, &c.,

T. F. Elliot, Esq.,
&c., &c., &c.

GEO. A. HAMILTON.

Sub-Enclosure to Enclosure in No. 1.

COPY OF TREASURY MINUTE, DATED 25TH APRIL, 1861.

My Lords have under their consideration a Report from the Postmaster-General, dated 7th February, 1861, on Despatches from the Governors of New South Wales, Victoria, South Australia, Queensland, and Tasmania, on the subject of the Mail Service between England and Australia.

By the present arrangement, the Australian Mails are carried as far as Ceylon by the vessels of the Peninsular and Oriental Company, which are under contract for the conveyance of the Indian Mails. From Ceylon they are conveyed to Melbourne and Sydney by a Packet calling at King George's Sound. The main Service ceases at Sydney.

Although, as observed by the Postmaster-General, considerable difference of opinion appears to exist amongst the different Colonies, both as to the terminal point and as to the discontinuance of the stoppage at Kangaroo Island, yet the present arrangement with the Peninsular and Oriental Company seems to be generally approved, though an alteration is desired in the mode of distributing the contributions of the different Colonies towards the cost of the Service.

Sir William Denison, in his Despatch, puts forward a scheme which, in the opinion of their Lordships, is calculated to do justice to all parties.

Sir W. Denison's scheme comprises four propositions:—

1. A contract for a short term with the Peninsular and Oriental Company for a Monthly Mail between Point de Galle and Sydney.
2. That the subsidy should be divided in equal proportions between the Mother Country and the Colonies.
3. That the proportion to be paid by each Colony should be determined with reference to the precise amount of the benefit which such Colony derives from the Main Line so subsidised.
4. That the cost of the Branch Lines (with the exception of New Zealand, which is under a special arrangement in this respect,) should be divided equally between the Mother Country and the Colony for whose service the Branch is worked.

My Lords concur with the Postmaster-General, that the principle involved in these proposals, viz., that each Colony should contribute according to its share of the benefit received, is a sound one and in accordance with the spirit of their Lordships' Minute of 27th November, 1855. It would appear also to have met with the approval, generally, of the Colonies to which it has been submitted.

Sir William Denison, in the Minute addressed by him on this subject to his Executive Council, lays great stress on the costliness of the Service now performed for the Australian Colonies; and he draws comparisons between the mileage rates on this and other routes.

My Lords must observe in answer to this, that such questions, in their opinion, can be determined by no other means than by public competition. When the Service was last thrown open to competition, the subsidy demanded and agreed to was even higher, and nevertheless the Service was ill-performed. But since it has been in the hands of the Peninsular and Oriental Company, it cannot be disputed and indeed it is admitted by the Colonies that it has been performed in a manner very far superior to its performance by any other contractors. And in considering the expense entailed on the Colonies, it is not to be overlooked that they are not charged with any portion of the cost of conveying the Australian Mails between England and Point de Galle.

My Lords are informed by the Postmaster-General that the Mails for Australia, carried between this country and Ceylon by one out of the four Services in each month, are far greater than those for India in the same Packets.

It would certainly, therefore, seem but reasonable that the Australian Colonies should be debited with their share of this expense, and that the Indian Government should be relieved to a like extent. My Lords, however, do not propose to insist on the immediate addition of this expense to the sum to be divided between this country and the Australian Colonies on account of the entire Service, but they reserve it as a matter for future consideration, whether there ought not to be applied, as between India and Australia, the same principle which is now in operation with regard to the separate Australian Colonies, viz., that each should pay in proportion to the size of its Mails.

In accordance with these views, my Lords are now prepared to sanction the following propositions:—

1. The Australian Colonies and New Zealand, each paying a proportion to its number of letters, will together contribute a moiety of the cost of conveying the Mails between Ceylon and King George's Sound.
2. A moiety of the cost of conveying the Mails between King George's Sound and Melbourne will be divided among the Colonies of Victoria, New South Wales, Queensland, Tasmania, and New Zealand; or, should the Mails for South Australia be carried on to Melbourne, South Australia will be required to pay a share of the cost of the Main Line as far as the latitude of Kangaroo Island.
3. A moiety of the cost of conveying the Mails between Melbourne and Sydney will be divided among the Colonies of New South Wales, Queensland, and New Zealand.

As regards the Branch Services:—

1. The Imperial Post Office will undertake one-half the reasonable cost of conveying the Mails between Melbourne and Launceston—the remainder being defrayed by Tasmania.
2. The like arrangement as regards the Mails between Sydney and Brisbane.
3. The same as regards the cost of the Branch Packet between Melbourne and Adelaide; or, should the Government of South Australia prefer it, this payment will be made as a contribution towards the cost of a Packet between King George's Sound and Adelaide.

My Lords observe that the Governor of South Australia considers that that Colony has a claim to be reimbursed half the cost of maintaining a direct Mail communication with King George's Sound, estimated at £24,000 per annum.

My Lords, however, concur in the opinion expressed by the Postmaster-General, that it would be unreasonable to call upon the people of this country to pay an additional sum of £12,000 per annum, or any sum at all approaching that amount, for this purpose.

It appears that the whole postage received in one year by the Post Office Department for the correspondence with South Australia does not exceed £3,600, whilst the cost to this country of conveying that correspondence is estimated at upwards of £6,000.

Whilst, therefore, my Lords regret extremely the disappointment which the Colony of South Australia has experienced from the impracticability of making satisfactory arrangements for continuing the calling of the Mail Steamers at Kangaroo Island, they do not feel that they would be justified in sanctioning any further charge on the Postal Revenue of this country, than that which is embraced in the foregoing propositions.

The existing arrangement with New Zealand will not be disturbed during the continuance of the present contract, but whenever the term of that contract shall have expired, that Colony will be placed in the same position as the other Colonies included in the present scheme.

My Lords propose to continue the arrangement made in February, 1860, by which the Australian Colonies were to be charged with the whole commuted payment of £3250 per annum, the estimated cost of conveying through Egypt the Australian Newspapers sent by the Southampton route, in consideration of the Post Office of this country forbearing from levying an additional penny on account of such transit.

Their Lordships at the same time reserve the right to revise and alter that estimate, and if deemed advisable, to terminate the arrangement altogether; and in the meantime my Lords would be glad to learn the wishes of the various Colonies on the subject.

The Postmaster-General observes in his report that experience has shown that it is impossible to carry on the Australian Service in a satisfactory manner and without danger of the service coming abruptly to an end if each of the numerous and distant Colonies concerned is to be consulted before any final measure be adopted, and he strongly urges the expediency of the controlling authority being altogether assumed by the Government of this country which contributes towards the subsidy as much as all the Colonies together.

My Lords entirely concur in this opinion, and feel convinced that the Colonial Governments themselves will see the necessity of the adoption of such a course. It would be easy for the Colonies to depute persons to act as their agents in the matter with whom the Postmaster-General and their Lordships could consult, and who would attend to the interests of their own Governments; but the final power of concluding terms, and the decision in all matters relating to the Packet contracts should be left in the hands of Her Majesty's Government: any Colony which refuses to abide by that decision being at liberty to withdraw itself from participation in the contract, in which case its Mails would be forwarded by private ships only.

It would also be necessary in such a case that the proportioned payment of any seceding Colony should be divided *pro rata* amongst the remaining Colonies.

Their Lordships do not propose, at all events until they are in possession of the views of the different Colonies on the several arrangements contained in this Minute, to enter into any lengthened contract. The draft contract now before them provides for its termination on a six months' notice, in which event the former agreement for the Mauritius route would revive.

No. 2.

COPY OF A DESPATCH FROM HIS GRACE THE DUKE OF NEWCASTLE TO GOVERNOR GORE BROWNE, C.B.

Downing Street,
20th July, 1861.

SIR,—

With reference to my predecessor's circular dispatch of the 16th November, 1858, respecting the arrangements for the conveyance of the mails between this country and Australia, I transmit for your information, the copy of a letter from the Lords Commissioners of the Treasury, with copy of one from the General Post Office, shewing the balances due from the several Australian Colonies towards the expense of the contract mail packets to the 31st of March last, and in pursuance of the desire of the Lords Commissioners, I have to request that you will take the necessary steps for obtaining payment of the amount owing to the Imperial Treasury on this account by the Colony under your Government.

19th June, 1861.

I have, &c.,

The Governor of New Zealand,
&c., &c., &c.

NEWCASTLE.

Enclosure in No. 2.

MR. HAMILTON TO SIR F. ROGERS.

Treasury Chambers,
19th June, 1861.

SIR,—

I am desired by the Lords Commissioners of Her Majesty's Treasury, to transmit the accompanying copy of a letter from the Post Office, dated 12th inst., and of its enclosure, reporting the balances due from the several Australian Colonies towards the expense of the contract mail packets, and I am to request that you will move the Duke of Newcastle to cause the necessary communications to be made to the several Colonial Governments with a view to obtaining an early settlement of these claims.

I have, &c.,

Sir F. Rogers, Bart.,
&c., &c., &c.

GEORGE A. HAMILTON.

Sub-Enclosure to Enclosure in No. 2.

LORD STANLEY OF ALDERLEY TO THE LORDS COMMISSIONERS OF THE TREASURY.

General Post Office,
12th June, 1861.

MY LORDS,—

With reference to your Lordships' letter of the 25th of March last, transmitting for my information, and with a view to proper steps being taken for recovering from the different colonies, the sums to which they are respectively liable, copies of letters from the Commissioners of Audit, and from the Admiralty, relative to the amounts to be contributed by the several Australian Colonies on account of the mail service between this country and Australia, I have the honor to send herewith, a statement* prepared by the Receiver and Accountant-General, shewing the amount chargeable against each Colony, from the 1st January, 1857, to the 31st March, 1861, the sums already paid on account of each Colony, and the balances remaining due.

In preparing this statement, the account given in the Treasury Minute of the 15th November, 1858, for the period ending the 31st December, 1859, has been adopted, and the account for the further period from the 1st January, 1860, to the 31st March, 1861, has been drawn up in conformity with the rule laid down in the same Minute.

I request that your Lordships will be pleased to issue such directions as you may think necessary for obtaining an early payment of the sums due from the several Colonies.

These sums are as follows :—

	£	s.	d.
From Victoria	132,397	7	5
“ New South Wales	44,019	9	8
“ South Australia	20,859	12	5
“ New Zealand	21,123	1	3
“ Tasmania	11,524	3	5
“ Western Australia	1429	15	7
“ Queensland	1239	11	6
	£232,593	1	3

I have to add that I shall very shortly transmit to your Lordships a similar statement of the amount henceforward chargeable against each of the Australian Colonies under the terms of your Lordships' Minute of the 25th April last, and in that statement will be included the sum due from each Colony on account of the transit of the mails through Egypt, an item which has been omitted in the present statement.

I have, &c.,

The Lords Commissioners of the Treasury.

STANLEY OF ALDERLEY.

* This Statement is printed in full in the Appendix to the Report of the Postmaster General of New Zealand, D—No. 2, 1862.

No. 3.

MEMORANDUM BY MR. TANCRED.

In reference to the demand made by the Home Government of a portion of the Postage on Inter-colonial letters conveyed by the vessels of the I.R.M. Company.

This demand appears to rest on two grounds, neither of which appears to me tenable.

1st. It is said that the disposal of the Postage on Inter-colonial Letters, conveyed under the Pearson and Coleman contract, was not considered at the time when that contract was entered into.

2nd. That the contract was entered into without consulting the governments of the other Australian Colonies; and that for this reason it cannot be treated as a part of the general scheme proposed in the Treasury Minute of November, 1855.

With regard to the first point. So far from the question as to the disposal of the Postage on Inter-colonial letters having been overlooked at the time when the contract for the Branch Service to New Zealand was entered into, it is clear on a reference to the Treasury Minute above mentioned that the whole question had been fully considered and settled.

Under that minute the Imperial Government engaged (subject to a refund) to establish a main service to Australia and branch services to those Colonies which were not visited by steamers employed on the main line. The expense of the whole, both main and branch services, being defrayed at the common cost.

This was the general arrangement, to which New Zealand gave in its adhesion, and I am not aware that this Government has ever consented, either directly or impliedly, to annul that part of it which more exclusively affects the interest of the Colony; though, failing such consent, the proposal now made to charge the cost of the branch service exclusively against New Zealand is virtually an infringement of the compact, on the faith of which this Colony paid its share of the subsidy, even before the establishment of the branch line.

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.

H. J. TANCRED.

General Post Office, Auckland,
July 13, 1860.

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.

No. 5.

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

Government House,
Auckland, 8th January, 1862.

MY LORD DUKE,—

I have the honor to acknowledge the receipt of your Grace's despatch, No. 81, of the 12th August, 1861, desiring me to lay before my Responsible Advisers a copy of a letter written by direction of the Lords Commissioners of Her Majesty's Treasury respecting the appropriation of the postage on letters conveyed between New Zealand and the Colonies.

2. In reply, I beg to enclose, for your Grace's information, the copy of a memorandum of the Postmaster-General of the Colony, in relation to this subject, which my Responsible Advisers inform me represents the views of the Colonial Government on the question.

I have, &c.,

G. GREY.

His Grace the Duke of Newcastle,
&c., &c., &c.

Enclosure in No. 5.

MEMORANDUM BY MR. CROSBIE WARD.

General Post Office, Auckland,
14th November, 1861.

A series of despatches from the Imperial Government, now under consideration, make demands upon this Colony in respect of the Steam Postal Service between the United Kingdom, Australia, and New Zealand, of a threefold character.

1. It is demanded that each Colony shall for the future contribute towards the joint moiety of the subsidy payable for the main service in a ratio compounded of the proportions of its correspondence and its mileage distance from Ceylon.—Treasury Minute, 25th April, 1861.

2. The Colonial Post Office is required to account to the Imperial Government for 4d. out of every 6d. received per half-ounce, on letters posted in New Zealand for the Australian Colonies.—Despatch from the Duke of Newcastle, 12th August, 1861.

3. A claim is made upon the Colony for the payment of its proportionate contribution to the cost of the main line, prior to the establishment of a branch line from Australia to New Zealand.—Circular Despatch from Duke of Newcastle, 20th July, 1861.

These various demands are separately of importance; and, when taken together, require very careful consideration, not only as seriously affecting the finances of the Colony, but as ignoring certain principles which have hitherto been regarded as essential parts of the general scheme of posts between the United Kingdom and the Australian Colonies.

In the Minute of the Imperial Treasury, dated 27th November, 1855, is recorded in a precise form the plan proposed by the Home Government for establishing postal communication by steam with Australia and New Zealand.

The terms so proposed were laid before the House of Representatives of New Zealand at the commencement of the next ensuing session of the General Assembly; and there, on the 28th of April, 1856, received the duly authorized legislative acquiescence which the Imperial Treasury demanded,—since which time no desire has been expressed on the part of this Colony to annul, or amend, or add to the scheme.

The Treasury Minute referred to says—

“The plan, therefore, which my Lords propose may be thus shortly summed up:—

“1. That they shall instruct the Admiralty to obtain tenders, by open competition, for a monthly postal service between this country and Australia; the vessels outward and homeward touching at King George's Sound, Melbourne, and Sydney, carrying the mails for the six Colonies of New South Wales, South Australia, Western Australia, Van Dieman's Land, and New Zealand.

“2. That branch services shall be established, by open competition, from Melbourne, as the central point, with Port Adelaide, Van Dieman's Land, and New Zealand.

“3. That all letters and newspapers shall be prepaid, and that each post office shall retain its own receipts.

“4. That the entire cost of the services described shall be divided equally between the Home Government and the Colonies collectively.

“5. That each of the Colonies shall contribute to the moiety to be paid by them collectively in proportion to the number of letters despatched by each, to be ascertained every two years.”

The mere recital of the plan thus summarised, proposed by the Home Government to and accepted by the Colonies, and carried wholly or partially into effect without any reconsideration or deliberate amendment, alone constitutes a sufficient reply to the various demands now made by the Home Government upon this Colony. But, as special grounds have been advanced in support of the first and second claims, it will be desirable to enter upon their consideration somewhat at length.

The alteration proposed in the scheme of contribution of the Colonies to the moiety of the subsidy payable by them collectively is antagonistic to the 4th and 5th clauses of the summarized plan

above quoted. Instead of the cost of the branch lines being added to that of the main line, and the Colonies as a whole contributing a moiety of the amount so made up, it is now proposed that each Colony not visited by the steamer on the main line shall pay one-half the cost of its own branch line, in addition to its contribution to the trunk service. Further, instead of the Colonies contributing to the moiety to be paid by them collectively in proportion to the number of letters despatched by each, it is now proposed that each Colony shall contribute, in the ratio of its letters, towards the moiety of the cost of that portion only of the main line over which its own correspondence is carried to and from the United Kingdom.

It is impossible to agree with the opinion expressed by their Lordships in their Minute of the 25th of April last, now under consideration, that the scheme proposed is "calculated to do justice to all parties;" or that the proportions payable under it will be "determined with reference to the precise amount of benefit which each Colony derives from the main line so subsidized;" or that the proposal generally is "in accordance with the spirit of their Lordship's Minute of 27th November, 1855."

The principle of the Treasury minute of 1855 is unmisakeable. The Australian Colonies and New Zealand were considered as one group, all equally interested in constructing and maintaining regular postal communication with the mother country, and with each other. The benefit to be derived by each was the carriage of its correspondence; the proportion of that correspondence to the whole was declared to be the proportion of the benefit derived by it from the whole service; and in that proportion it was to contribute towards the total expense.

The principle of the arrangement was identical with that of the English postal system, and it needed no other recommendation to be generally accepted. It would be as well "calculated to do justice to all parties" that a letter from Edinburgh to London should be charged double the rate from Derby, as that Queensland should pay twice as much for each of its letters as is paid by Western Australia.

It is submitted, therefore, that the proposal now made is clearly not in accordance with either the spirit or the letter of the arrangement of 1855.

Though the Treasury Minute under consideration not improperly observes that danger to the service will result if each of the numerous and distant Colonies concerned be consulted before any final measure be adopted, and urges the expediency of the controlling authority being altogether assumed by the Imperial Government, which contributes towards the subsidy as much as all the Colonies together, this doctrine cannot be held to apply to cases where the interests of only a single Colony are at stake, or where a departure is proposed from an arrangement deliberately assented to, which departure will clearly be to the injury of one or two Colonies of the group, and will give a corresponding additional advantage to others, without affecting the general working of the service.

That the proposal to divide the cost of the branch services between the Colony concerned and the Home Government is inconsistent with the terms of the arrangement of 1855 appears manifest on reference to those terms. In fact, the establishment of the branch services, as part of the general scheme, and to be supported by general contributions, was a necessary inducement to the branch Colonies to enter into the arrangement. The remarks made in the Minute of 1855 upon the case of South Australia indicate the spirit as well as the letter of the arrangement in this respect. While it was declared to be unadvisable that the main service should be delayed by a call at Port Adelaide, between King George's Sound and Melbourne, it was not contemplated that the Colony which permitted its mails to be carried past its port for the benefit of the rest should suffer, not only the delay (admitted to be a hardship) but also the expense of a branch line necessitated by that very deference to the general interests. On the other hand, it was not contemplated that those Colonies at whose ports it was found best for the interests of the whole that the trunk line should call, should while receiving this peculiar advantage, avoid the payment of their full contribution toward the cost of extending the benefit of the service generally to the rest.

Instead of the proposal under consideration carrying out the principle that each Colony should contribute according to its share of the benefits received, it is, in fact, a departure from that principle. It urges a contribution in proportion to *the cost of conferring the benefit* upon each, if each were singly served; that is to say, in the inverse ratio of the benefit actually received; the Colony obtaining its Mail earliest contributing in the smallest proportion, and each in succession paying more dearly as its Mails are later delivered to it; while an extraordinary contribution is demanded in cases of extraordinary delay.

To exhibit the practical working of the proposed scheme, it is only necessary to suppose that the steam postal route were altered from the West Coast of Australia to the East, the steamers going and coming through Torres Straits. In this case the Colonies of New South Wales and Queensland, which would reap the greatest advantage by the change, would be charged with the lowest rates of contribution; while Western Australia would be called upon to pay the highest rate of subsidy for the worst accommodation. The ill effects of this adjustment were avoided by the principle of the scheme of 1855, which looked upon the Colonies as one group, and considered their interests as a whole.

Though it is stated that this Colony is not to be charged with any part of the cost of maintaining its branch service with Australia, still, as a matter of principle an earnest protest must be recorded against any departure from the arrangement of 1855, by charging upon any one of the group of Colonies separately the cost of a separate portion of the whole service.

The general effect of the proposal now made would be to increase very considerably the proportion of the subsidy payable by New Zealand. Yet the fact is disclosed by the statement of accounts last furnished that this Colony, with its scanty revenue and heavy burdens, already contributes to the Mail Service, in proportion to its population, nearly three times as much

as the important Colony of New South Wales, and double the average contributions of all the Australian Colonies, properly so-called. Yet, New Zealand is unable to reply to letters by the first return packet of the main line, an advantage which all the other contributing Colonies enjoy.

With regard to the proposed re-adjustment of the rate of contribution by the Colonies to their moiety of the cost of the Service, the only ground upon which New Zealand would be justified in assenting to any departure from the existing arrangement is that, as is stated in the Minute under consideration, the new scheme has met with the approval generally of the Colonies to which it has been referred. If the Australian Colonies are unanimous in desiring the change now proposed, New Zealand, though likely to suffer from it, would, perhaps, not act wisely in opposing a single negative; and it may be found judicious to accept the proposal under protest. If so, the following conditions should be stipulated for:—

1. That the principle of contribution now to be adopted shall be followed in every apportionment of the subsidy, if the Panama line be established, or if any re-arrangement of the existing source be effected.

2. That no claim whatever be pressed against this Colony in respect of the Postal Service with Australia and the United Kingdom, further than the contribution to the main line calculated according to the first scheme from the date of the establishment of the branch service with Australia, to the present time; and henceforward, at the increased rate now proposed.

Passing now to the second claim made upon the Colony, that 4d. out of every 6d. received per half-ounce on letters posted in New Zealand for the Australian Colonies shall be accounted for to the Imperial Post Office, it will be seen that the demand is clearly contrary to the 3rd section of the paragraph above quoted from the Treasury Minute of 1855.

The Despatch under consideration, in which the claim is made, states 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, as one of the most important conditions of that arrangement, namely, 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 by Her Majesty's Government. It is urged that this having been the case, the arrangement that each Colony should retain the postage on letters despatched to the other Colonies could not be applied to the New Zealand service.

This statement must be made in misapprehension of the real circumstances of the case. The condition referred to favourably affected both the Imperial Government and the Colony of New Zealand, and would certainly not be waived by either without the existence of some sufficient reason. It is true that the Lords of the Treasury agreed to accept the tender sent in, in the United Kingdom, for the service between Australia and New Zealand, without referring to the Australian Colonies, in order to avoid delay. This circumstance is recorded in the correspondence which took place between Her Majesty's Government and Mr. Sewell, then agent for this Colony in England, in the months of February and March, 1858. But no reference was made, on either side, to the liability of the Colonies generally to contribute towards the expense of the branch line as part of the whole service; that liability having been accepted as part of the general arrangement. The Treasury Minute of 1855, while declaring it to be an essential part of the plan that branch services should be established, and laying down the rule of contribution already quoted, contemplated that arrangements should be made on the spot for those services; but no where made it a condition that all the branch contracts should be subject to the approval of all the Colonies before ratification. In accordance with the arrangement, tenders were called for without delay, and negotiations entered into on the spot by the Government of this Colony, with the knowledge of the Colonial Governments of New South Wales and Victoria; but all endeavours to establish the service on the spot proving futile, the negotiation was transferred to the United Kingdom, and there completed with the assistance of the Imperial Government. The subsidiary contract thus made by the principal parties interested certainly as little required ratification from the other Colonies as did the contract for the main trunk line, which the Imperial Government executed alone. The position of the Australian Colonies, as a whole, was that they had consented to contribute towards the reasonable expense of the branch services, in addition to the cost of the main line; and from this agreement it was impossible for them to retreat on the plea that the contract for one branch was completed in the United Kingdom, instead of in New Zealand. This view of the subject is that which the Government of this Colony has always held, and from which they have never been informed that the other Australian Colonies desired to depart.

If, then, the agreement of 1855 be carried out in its integrity, the clause under which each Colony retains the whole postage received by itself remains effective. But even though the Australian Colonies should prefer to account for the postage received by them on their correspondence with New Zealand, rather than to contribute towards the expense of the branch line, and though the deviation from the first arrangement be sanctioned by the Home Government, there is still no reason why New Zealand should, contrary to her own interests, follow the same course.

It may be added, as a point worthy of attention only if the question of principle be left out of sight, that the proportion of the total postage demanded on the sea rate between New Zealand and Australia, namely, fourpence out of every sixpence received, appears an excessive charge. It must be remembered, that the correspondence in question is gathered to a central point from all Provinces of this Colony, by a packet service maintained at its sole charge, and is distributed among all the Colonies of Australia by sea as well as by land; and *vice versa*. The inland and sea postage on each side of the connecting link is fully equal to that of the sea transit between Nelson and Sydney. For this reason, one-third rather than two-thirds would seem a fair proportion to be set down as

earned by the vessels under contract with the Imperial Government between Australia and New Zealand. It will be remembered, also, that prior to the year 1856, when the Imperial Government bore the whole expenses of the packet service between the United Kingdom and Australia, the proportion of postage accounted for as the sea rate for the entire distance was not more than fourpence out of every sixpence.

A third and further claim is made against the Colony in a demand for payment of £7,226 11s. 9d., as the New Zealand proportion of the subsidy payable in respect of the main line to the 30th September, 1858; that is, for a period prior to the establishment of the branch service from Australia to New Zealand. This is a claim which cannot reasonably be urged against the Colony.

It was an essential part of the arrangement of 1855, that branch services should be established for the branch Colonies of South Australia, Tasmania, and New Zealand. In the comprehensive scheme proposed in the Minute already referred to, and accepted by the Colonies as a whole, it was laid down as a primary object to be attained, that each Colony should have the benefit of an arrival and departure by each steamer monthly. Till the commencement of the branch service at the end of 1858, New Zealand had no such benefit by each steamer. The establishment of the main line alone could not be considered a practical advantage to this Colony, which, without a branch service, was not, in fact, one of the Australian group, and would certainly not have consented to the arrangement of 1855, had the branch service not formed part of it. The correspondence from the United Kingdom was brought as far as Melbourne or Sydney, and thence made its way, by any chance sailing vessel, slowly and uncertainly towards its destination. The conveyance of the homeward mails was attended with even greater difficulty and danger, through the utter impossibility of securing the arrival of a sailing vessel with mails at Sydney or Melbourne, in time to catch the homeward packet. It was no part of the arrangement of 1855 that any Colony should pay for that from which it derived no benefit; but it was agreed, on the contrary, that each Colony should contribute to the whole cost of the complete service in the proportion of the benefit which it received. New Zealand, which virtually derived no advantage, should therefore be liable to no contribution for the period specified.

It is, therefore, recommended:—

1. That the Colonial Government should decline to pay any proportion of the cost of the Postal Service between the United Kingdom and Australia for the period prior to the establishment of the branch service connecting New Zealand with the Australian group.

2. That the Colonial Government should decline to account for any proportion of the postage received on letters passing between New Zealand and the Australian Colonies.

3. That the Colonial Government should demand the carrying out of the arrangement of 1855, as to subsidising and contributing to branch lines, and should profess its readiness to act in all respects in the spirit of that arrangement.

CROSBIE WARD.