

the principle of mutual responsibility which had always been recognized as that upon which the Anglo-Australasian service was to be conducted. It is one thing to consider if the circumstances press more hardly now on the mother-country than when the agreement was made in 1873, and quite another to insist on a change without showing adequate reasons for it. Upon the force of the second point depends therefore the weight of the first. I may, however, remark that the correspondence referred to under the first point does not seem to have found its way to New Zealand, as I cannot find it amongst the printed papers.

I proceed now to discuss the second point, and to consider if the assertion is warranted that the "mother-country is in a much less favourable position than she was in 1873, when the arrangement was made." There is no allegation that I can discover that the mother-country is worse placed in respect to the two services of Galle and Singapore. Now, as then (and until the end of 1880), the mails are carried to and from Galle and England, and to and from Singapore and England, under a contract with the Peninsular and Oriental Company for a stated sum for the whole mails, and the addition of the Australian mails makes no addition to the cost. That they may be looked upon as representing a part of the cost of the contract in connection with the India and China mails, is of course clear. But so they were before 1873, and when the Governments divided the postage and the cost of the Galle-Australian Section, a proportionate amount of the charge for the Anglo-Indian Section was taken into account. The 1873 arrangement superseded this, because the colonies became responsible for the whole cost of the Galle-Australian Section, receiving as a consideration in return the whole of the postages and the free use of the Anglo-Indian Section. The position is in no way changed since then, and I fail to see, respecting the Galle and Singapore Services, any justification for the Postmaster-General's remarks, which I have twice quoted. Lord John Manners appears, however, to rely for his justification on the altered conditions of the San Francisco Service. I so far concur with his Lordship, that if the altered condition of the San Francisco Service required an increased amount to be impounded upon the postage receipts, that impounding should be divided amongst and extended over the whole three services, as it was an essential understanding that they should be placed on the same footing. Indeed, Lord Kimberley specially encouraged the maintenance of the San Francisco Service; for in his letter announcing the proposed arrangement of 1873, his Lordship concluded with these words: "In the event of a service from San Francisco to Australia or New Zealand being established, its maintenance will be greatly assisted through the assumption by Her Majesty's Government of the whole cost of the transit of postal matter between this country and San Francisco." In every way it is fair that the three services should be placed on one footing, and if the change of circumstances of the San Francisco Service justified an increased retention of postages, such increase should be over all the postages, and to the extent the loss warranted.

Immediately following the remark I have quoted twice, that "the mother-country is in a much less favourable position than she was in 1873, when the arrangement was made," Lord John Manners adds: "At that time the contracts with the Cunard and Inman Companies were in force, and, as they were paid fixed annual subsidies, no increased cost was incurred in consequence of mails for Australia being sent to New York with the American mails." "At the present time a subsidy after the rate of 4s. per lb. for letters, and 4d. per lb. for printed papers and patterns, is paid for the conveyance of the Australian mails from Queenstown to New York."

I respectfully contend that this statement is misleading, for the obvious inference to be drawn from it is that the mother-country is paying more for the American service than she was in 1873, whereas, by the payment of so much a lb., the total payment, including that for the Australian and New Zealand letters, leaves a saving to the country of over £50,000 as compared with the payment in 1873. The payment up to 1876 was £105,000, whilst the payment for this year is estimated to amount to only £52,000. So that the mother-country is really in a better position. It is true that as the payment is made at a rate per lb., its evidence is more apparent. But it never was disguised at any time that the payment of lump sums for the English sections still made the carriage of the Australasian mails a valuable consideration. Under the old arrangement, a portion of the lump sum paid to the Peninsular and Oriental Company was taken into account. The new arrangement substituted for that payment the whole payment of the Australian Section, yet the free use of the English Sections was a valuable consideration. Supposing, instead of the present payment of £400,000 to the Peninsular and Oriental Company for the Anglo Sections, another arrangement of so much a lb. was made under which, including the Australian mails, a saving of over £200,000 was made—could it be said the mother-country was worse placed? With just as little reason can it be stated she is worse placed because she saves under the altered arrangement at least a like proportion of the Anglo-American cost of carriage.

But Lord John Manners further justifies the statement that the mother-country is in a worse position by a reference to the altered rates of carriage across the American continent. He says, "A largely-increased payment has also been made since October, 1876, to the United States Post Office, for the land carriage between New York and San Francisco, of the newspapers, printed papers, and patterns contained in the Australian mails, the transit rate having been raised from 6 cents to 1 franc per lb." Respecting this charge alone am I able to see that the mother-country is in a worse position than in 1873, and the amount involved by the increased rate is absurdly small as compared with the means which are proposed for recouping it. Lord John Manners is, I have reason to think, mistaken in stating that the rate has been raised to 1 franc a lb.: the rate is 2 francs per kilogramme, which is some 10 per cent. less than 1 franc a lb.; and on the other hand the rate for letters has been reduced. The old rate was 60 cents per lb. on letters, now reduced to 52.5, and was 6 cents on printed matter, now increased to 17.5. I have before me a statement of the weights of six mails in 1876—the aggregate was as follows: 6,291 lb. of letters and 39,488 lb. of printed matter. Assuming these to be of the average, which I have no reason to doubt, the total extra amount of charge on printed matter for a year for thirteen services each way, less the saving on the reduction on the cost of transmitting letters, will amount to £3,600. To this extent England, in respect to the American transit, is in a worse position than in 1873, whilst it saves greatly on the