

1878.
NEW ZEALAND.

SAN FRANCISCO MAIL SERVICE

(FURTHER PAPERS RELATIVE TO).

(In continuation of Papers presented on the 9th August, 1878.)

Presented to both Houses of the General Assembly by Command of His Excellency.

No. 1.

Mr. GRAY to the SECRETARY, General Post Office, Sydney.

SIR,—

General Post Office, Wellington, 20th July, 1878.

I have been directed by the Postmaster-General to acknowledge receipt of the Hon. Mr. Burns's letter of the 10th ultimo, pointing out that, as the modification of the terms of the Pacific Mail Company's Contract had now been sanctioned by the Legislatures of New South Wales and New Zealand, it would be necessary to have an amended agreement prepared and executed, to meet the altered conditions of the service. I have also to acknowledge receipt of a printed copy of the existing contract, showing the proposed alterations with respect to the modifications as affecting your colony.

The opportune presence of the Hon. Mr. Burns in New Zealand enabled the matter of the modified service being fully discussed by the Hon. Mr. Burns and the Postmaster-General of this colony, and a mutual understanding has been arrived at.

It has been agreed that the amended contract shall be prepared in London, and that the Agents-General be instructed forthwith to take necessary action. Also that the Contractors be requested to submit another surety in the place of Mr. MacGregor; and with respect to this, I am to state that on the 12th instant Sir Julius Vogel was directed by telegram to confer with the Agent-General for your colony, and make the necessary application to the Contractors. Practically, therefore, this point has been disposed of; and it is assumed a somewhat similar telegram has been sent from your colony to Mr. Forster.

I forward you a printed form of contract, with particulars of the amendments adapting the service to the requirements of this colony. These amendments have also been agreed to by the Postmasters-General.

I have only to remark that the Postmaster-General is of opinion, in which opinion the Hon. Mr. Burns concurs, that all premiums and penalties should be paid and deducted in respect of the through voyages only, and that the sums should be paid and shared equally by the two colonies. The Contractors, however, to be still liable for penalties for late arrival at Auckland from San Francisco.

The necessary instructions to the Agent-General, in connection with the preparation of the amended agreement, go forward by the outgoing mail, and by a subsequent mail Sir Julius Vogel will be requested to take such steps as may give practical effect to the wishes of the Hon. Mr. Burns and the Hon. Mr. Fisher, as expressed in paragraph 7 of the joint memorandum agreed to on the 11th instant,* a copy of which I have to enclose for your information.

I have, &c.,
W. GRAY,
Secretary.

The Secretary, General Post Office, Sydney.

No. 2.

Mr. GRAY to the AGENT-GENERAL.

SIR,—

General Post Office, Wellington, 20th July, 1878.

With reference to the Hon. Mr. Ballance's letter of the 4th May last, forwarding copy of telegram from the Hon. the Colonial Secretary of New South Wales, intimating that the New South Wales Parliament had approved the modifications of the terms of the San Francisco Mail Service, I have been directed by the Hon. the Postmaster-General to forward you the enclosed extracts from a memorandum agreed to by the Hon. the Postmaster-General of New South Wales (who made a special visit to this colony in connection with telegraph and postal matters), and the Hon. Mr. Fisher.

* See Enclosure 1 in No. 2 of present series.

I am to direct your particular attention to clauses 6, 7, and 8, of the memorandum, and to state that the document has been forwarded for your information, and in anticipation of your being shortly requested by telegram to take the necessary steps for having an amended agreement prepared and executed, it being considered desirable that the agreement should be prepared in London.

By a subsequent mail you will be communicated with as to giving practical effect to clause 7 of the memorandum.

I have to enclose copy of a telegram sent you on the 12th instant; and also printed copy of the existing San Francisco Mail Service Contract, with proposed alterations to be embodied in the amended agreement.

I am also to state that the Hon. Mr. Burns and the Hon. Mr. Fisher agree that the payment of premiums and penalties shall be based on the duration of through voyages; and that the sum be paid and shared equally between the two colonies.

Sir Julius Vogel, K.C.M.G.,

Agent-General for New Zealand, London.

I have, &c.,

W. GRAY,

Secretary.

Enclosure 1 in No. 2.

EXTRACT from MEMORANDUM agreed to by the Postmasters-General of New South Wales and New Zealand.

WE are of opinion—

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6. That the Agents-General for New South Wales and New Zealand should be instructed by telegram to request the Contractors for the Pacific Mail Service to propose a fresh surety, in the room of Mr. MacGregor, for the due performance of the service.

7. That the Agents-General should be also requested to unite with the Agents-General for the other colonies in moving the Secretary of State for the Colonies to cause the aid afforded by the Imperial Government since 1873 to the Pacific, Suez, and Torres Straits Mail Services to be continued for a further period.

8. That the Colonies of New South Wales and New Zealand should (in view of the desirability of establishing uniform postal regulations of universal application, calculated to give the public the largest amount of accommodation possible, without useless and vexatious restrictions) join the Berne Postal Union; provided, however, that no reduction be made in the rate of postage for the ocean services; that the cost of the transit of the mails between San Francisco and New York or Boston be not charged to the colonies; and that the restrictions which have already or which may hereafter be imposed by local legislation in reference to wholly unpaid correspondence are not interfered with.

Wellington, 11th July, 1878.

J. F. BURNS.

J. T. FISHER.

Enclosure 2 in No. 2.

The Hon. the PREMIER to the AGENT-GENERAL.

(Telegram.)

FR'ISCO Contract.

Confer with Forster, and jointly apply Contractors to submit fresh surety in place of MacGregor.

Sir J. Vogel, London.

Wellington, 12th July, 1878.

G. GREY.

No. 3.

The AGENT-GENERAL to the Hon. the POSTMASTER-GENERAL.

SIR,—

7, Westminster Chambers, London, S.W., 13th August, 1878.

I have the honor to enclose copy of a letter I have received from Messrs. John Mackrell and Co., on the subject of the naming of a surety to replace Mr. MacGregor in the contract with the Pacific Mail Steamship Company. On this letter I addressed the subjoined memorandum to the Agent-General for New South Wales, and afterwards had a conversation with him on the subject; and we both agreed on the result as set forth in his memorandum, of which you will also find a copy enclosed.

I have, &c.,

The Hon. the Postmaster-General,
Wellington.

JULIUS VOGEL,
Agent-General.

Enclosure 1 in No. 3.

Messrs. MACKRELL and Co. to the AGENTS-GENERAL for New South Wales and New Zealand.

21, Cannon Street, London, E.C., 27th July, 1878.

GENTLEMEN,—

New Postal Contracts.

In compliance with your instructions we have communicated with the Pacific Mail Steamship Company, and requested them to be good enough to name another surety in the place of Mr. MacGregor, who has failed, for the due performance of these contracts.

We have communicated with the trustee of Mr. MacGregor's estate to ascertain the present position of the matter, and he informs us that no dividend has yet been declared, and that there will be a meeting on the 11th September for the declaration of the dividend, at which the Governments should make a proof for any sum which may be due to them.

We are not aware of there having been any default committed by the Contractors, but, if there has been, an affidavit in verification of the claim under the bond in respect thereof must be lodged before the dividend meeting; so that if you are advised of any such default, perhaps you will kindly communicate with us.

We have, &c.,

JOHN MACKRELL AND Co.

The Agents-General for New Zealand and New South Wales.

Enclosure 2 in No. 3.

MEMORANDUM from the AGENT-GENERAL for New Zealand to the AGENT-GENERAL for New South Wales.

I THINK the trustees should be asked to consider that as a contingent liability they are bound to hold in hand a proportionate amount, but that we will be satisfied with the substitution of a satisfactory surety instead of Mr. MacGregor. This may stimulate them to procure one.

29th July, 1878.

J. VOGEL.

Enclosure 3 in No. 3.

MEMORANDUM from the AGENT-GENERAL for New South Wales to the AGENT-GENERAL for New Zealand.

IN the matter of the failure of Mr. Macgregor, surety for the Pacific Mail Steam Company, I have represented to Sir Julius Vogel that there being in fact no breach of contract on the part of the company, nor indeed any reasonable probability of such—consequently, *a fortiori*, no proof whatever possible of any sum due to the contracting Governments—and the sureties having to be reached first through some failure on the part of the Company, the trustees cannot be reasonably expected to recognize so remote a contingency as the possible indebtedness of Mr. MacGregor in the event of failure of the Company to perform their contract. The silence of Mr. Mackrell on this point seems to confirm the above view. It has been therefore decided by Sir Julius and myself to confine our action to simply fulfilling the instructions of the Governments by requesting the Pacific Mail Company to name another surety in place of Mr. MacGregor.

W. FORSTER.

8th August, 1878.

No. 4.

Mr. GRAY to the AGENT-GENERAL.

SIR,—

General Post Office, Wellington, 11th October, 1878.

I have the honor to acknowledge the receipt of your communication of the 13th August, enclosing copy of a letter addressed by Messrs. J. Mackrell and Co. to the Agent-General for New South Wales and yourself, on the subject of the naming of a surety to replace Mr. MacGregor in the contract with the Pacific Mail Steamship Company, together with copies of the memoranda exchanged between Mr. Forster and yourself on the matter. The joint decision arrived at should, I think, under the circumstances, meet all requirements.

I have, &c.,

Sir Julius Vogel, K.C.M.G.,

Agent-General for New Zealand, London.

W. GRAY,

(for the Postmaster-General.)

No. 5.

The Hon. J. F. BURNS to the Hon. the POSTMASTER-GENERAL, Wellington.

(Telegram.)

Sydney, 16th October, 1878.

FOLLOWING cablegram received from London :—"Fr'isco service: We are persuaded Company will not consent to five boats. As new contract should be completed this year, not desirable to submit in contract more than four. Company will also object to spare boat at Sydney (*see* Vogel's letter, 14th December, 1876, No. 989); but we think on this point Government should insist. Communicate New Zealand, and instruct us. (Signed) FORSTER. VOGEL." I do not think it necessary to specify more than four steamers. What is your opinion?

Hon. Postmaster-General, Wellington.

J. F. BURNS.

No. 6.

The Hon. J. T. FISHER to the Hon. J. F. BURNS.

(Telegram.)

Wellington, 17th October, 1878.

Re spare boat. Reluctantly consent not to insist on fifth steamer as spare boat at Sydney. But we should require that four steamers be employed as at present in carrying on service, and that in event of breakdown Contractors provide suitable vessel of stipulated tonnage and speed at either Sydney or San Francisco. If insistance would compel Company to agree to fifth steamer, I would strongly urge such a course; but I fear Company determined, and not likely to listen to any such demand.

Hon. J. F. Burns, Sydney.

J. T. FISHER.

No. 7.

The Hon. J. F. BURNS to the Hon. J. T. FISHER.

(Telegram.)

Sydney, 22nd October, 1878.

UNDER contract for forked service only five boats required. Modified service could be performed with four. Three steamers can work present service; fourth can therefore be fairly considered spare boat. Any pressure for fifth boat would lead to difficulty, as would the insisting on vessel of stipulated tonnage and speed being provided Sydney or Frisco in event breakdown. Nothing of this kind mentioned in original contract, nor in negotiations for modification. Are we not amply protected by requiring sufficient number of steamers to be employed? Invite your reconsideration and early reply.

Hon. J. T. Fisher, Wellington.

J. F. BURNS.

No. 8.

The Hon. J. T. FISHER to the Hon. J. F. BURNS.

(Telegram.)

Wellington, 23rd October, 1878.

IN telegram of 17th I expressed opinion that there seemed little prospect Company agreeing to fifth steamer, and I was willing, although reluctantly, we should not press the point. Seemed to me desirable we should stipulate tonnage and speed of vessels to be employed in event of complete breakdown, and preclude use of any but first-class steamers in every respect equal to those now employed. It may be that terms existing contract sufficiently stringent; but I think it would be to our joint interests to urge the point. However, I shall be willing to fall in with your views if you still think Government amply protected, without requiring the stipulations named in my former telegram.

Hon. J. F. Burns, Sydney.

J. T. FISHER.

No. 9.

The Hon. J. T. FISHER to the Hon. J. F. BURNS.

(Telegram.)

Wellington, 5th August, 1878.

LONDON telegrams state Imperial Government and Agents-General dealing with question payment of postages to the colonies. Were you aware matter being dealt with? Understood from you that Agents-General should not be required to deal with question until you had seen Berry.

Hon. J. F. Burns, Sydney.

J. T. FISHER.

No. 10.

The Hon. J. F. BURNS to the Hon. J. T. FISHER.

(Telegram.)

Sydney, 5th August, 1878.

DURING my absence New Zealand, following telegram received from Agent-General, namely: "Imperial Government propose, after 1878, to retain fourpence out of sixpence collected here for mails by Galle, Singapore, and Frisco. Colonial Office wrote *via* Brindisi 5th. I wrote Frisco 18th. Shall I object now, or will you instruct after receiving papers. Authority desirable before taking action." To this message Colonial Secretary replied on same day, 23rd July, that we would await despatches. Despatch will probably arrive here end next week.

Hon. J. T. Fisher, Wellington.

J. F. BURNS.

No. 11.

The Hon. J. T. FISHER to the Hon. J. F. BURNS.

(Telegram.)

Wellington, 6th August, 1878.

TELEGRAMS in newspapers allege Agents-General already objected new proposal. If this be correct, seems desirable they should be urged to proceed. What is your opinion?

Hon. J. F. Burns, Sydney.

J. T. FISHER.

No. 12.

The Hon. J. F. BURNS to the Hon. J. T. FISHER.

(Telegram.)

Sydney, 6th August, 1878.

CONCUR with you that Agents-General should be urged to take such steps as may seem to them desirable for obtaining reversion decision Colonial Office.

Hon. J. T. Fisher, Wellington.

J. F. BURNS.

No. 13.

The Hon. the PREMIER to the AGENT-GENERAL.

(Telegram.)

Wellington, 7th August, 1878.

CONFER with other Agents-General *re* recent proposal payment Imperial postages. Colony protests. Existing arrangements should be renewed.

Sir J. Vogel, London.

G. GREY.

No. 14.

The Hon. J. T. FISHER to the Hon J. F. BURNS.

(Telegram.)

Wellington, 7th August, 1878.

HAVE wired Vogel to protest against decision Colonial Office as to payment postages. Presume you wire Forster.

Hon. J. F. Burns, Sydney.

J. T. FISHER.

No. 15.

The Hon. J. F. BURNS to the Hon. J. T. FISHER.

(Telegram.)

Sydney, 8th August, 1878.

We have also telegraphed to Agent-General, who will co-operate with Vogel.

Hon. J. T. Fisher, Wellington.

J. F. BURNS.

No. 16.

The Hon. J. F. BURNS to the Hon. J. T. FISHER.

(Telegram.)

Melbourne, 15th August, 1878.

WE telegraphed to Michie yesterday to ascertain what has been done in reference to protest against increase amount retainable by English Government from postage.

Hon. J. T. Fisher, Wellington.

J. F. BURNS.

No. 17.

The Hon. J. T. FISHER to the Hon. J. F. BURNS.

(Telegram.)

Wellington, 16th August, 1878.

Please let me know when you hear from Michie, *re* protest by Agents-General.

Hon. J. F. Burns, Menzies' Hotel, Melbourne.

J. T. FISHER.

No. 18.

The Hon. J. F. BURNS to the Hon. J. T. FISHER.

(Telegram.)

Melbourne, 17th August, 1878.

WE have resolved to let Berne Convention remain abeyance till we know decision English Government respecting Ocean Service.

Hon. J. T. Fisher, Wellington.

J. F. BURNS.

No. 19.

The Hon. J. F. BURNS to the Hon. J. T. FISHER.

(Telegram.)

Melbourne, 19th August, 1878.

MICHIE replied Beach willing to wait further communication from colonies. We have agreed to send cablegram direct to Beach requesting that present treaty be continued till February, 1880, when the contract for Suez will end.

Hon. J. T. Fisher, Wellington.

J. F. BURNS.

No. 20.

The Hon. J. T. FISHER to the Hon. J. F. BURNS.

(Telegram.)

Wellington, 20th August, 1878.

If it be agreed to ask for extension of postage arrangements, am strongly of opinion Home Government should be urged to continue payments on existing basis until 1883, when our Frisco Service ends. 1880 would suit Melbourne only. Intend to wire Vogel to this effect. You should do likewise to Forster. Should think Berry would agree. Matter is of great importance.

Hon. J. F. Burns, Menzies' Hotel, Melbourne.

J. T. FISHER.

No. 21.

The Hon. the PREMIER to the AGENT-GENERAL.

(Telegram.)

Wellington, 20th August, 1878.

Re postages. Urge Imperial Government continue present arrangement term Frisco Service, 1883. Forster instructed.

Sir Julius Vogel, K.C.M.G., London.

G. GREY.

No. 22.

The Hon. J. F. BURNS to the Hon. J. T. FISHER.

(Telegram.)

Melbourne, 21st August, 1878.

AM just leaving for Sydney. Think better not ask Colonial Office for more than has already been agreed in name all the colonies, we are more likely to succeed. Next step will be to enforce our claims in connection with Pacific Service.

Hon. J. T. Fisher, Wellington.

J. F. BURNS.

No. 23.

The AGENT-GENERAL to the Hon. the PREMIER.

(Telegram.)

London, 21st August, 1878.

POSTAGES. Forster and I had interview with Secretary State. Think action Agents-General done good. Sir Michael favourable to question being reconsidered. Said Government not finally decided. The Hon. the Premier, Wellington.

J. VOGEL.

No. 24.

The AGENT-GENERAL to the Hon. the POSTMASTER-GENERAL.

SIR,—

7, Westminster Chambers, London, S. W., 29th July, 1878.

I have the honor to forward to you the copy of a despatch, dated the 5th July, which I have received from the Secretary of State for the Colonies, forwarding to me the copy of a circular despatch and enclosures which he had sent to the Governor of the colony on the subject of the arrangements to be made after the end of the present year with regard to the postages collected in this country for the postal matter despatched to Australia and New Zealand. I beg you to observe that though, in the circular despatch dated the 1st July, Sir Michael Hicks-Beach wrote that he had communicated a copy to me, his letter to me was dated on the 5th, and did not reach me till I had despatched the mail of that date. I mention this lest you should think I should have communicated with you sooner. I did not lose any time in taking action in the matter. I at once saw the senior Agent-General, Sir Archibald Michie, and he agreed to call a meeting of the other Agents-General. The first meeting so called was postponed in consequence of the absence of the Agent-General for New South Wales.

At the second meeting also that gentleman did not attend, and, as he was out of town, we thought we could not longer delay and we transmitted the telegram to Melbourne (copy attached). We also agreed that Sir Archibald Michie should ask the Secretary of State for the Colonies to receive the Agents-General, to listen to their personal representations on the subject.

In the meanwhile I thought it desirable to send to the Secretary of State a statement of the views I took on the matter. Sir Archibald Michie proposed to do the same. I suggested to him a joint memorandum, but he preferred a separate representation. I enclose you a copy of the letter in which I embodied the views which I thought would be acceptable to the New Zealand Government. I have had it printed for convenience sake, and to enable me to send a copy to the other Governments concerned.

I also enclose a copy of a memorandum by Sir Archibald Michie.

Before our interview with Sir Michael Hicks-Beach we became aware that the Agent-General for New South Wales had taken separate action. He telegraphed to his Government, asking if he should wait before doing anything till he received written communications from Sydney, and the answer being in the affirmative, he has not acted with us; but, as he intimated to the Colonial Office that he was delaying action because of instructions from his Government, there is little doubt that the result of our interview with the Secretary of State, which I am about to relate, was largely affected by the intimation.

Sir Archibald Michie, Mr. McAllister and I, had an interview with Sir Michael Hicks-Beach on the 29th instant. At the last moment Sir Arthur Blyth was unavoidably prevented from joining us. There were present at the interview Sir Henry Ibbotson and Mr. Stronge, on behalf of the Treasury, and Mr. Page, on behalf of the Post Office.

Sir Archibald Michie commenced the interview by ably reviewing the previous circumstances in connection with the postal service. Especially in reference to the present subsisting contract for the Galle-Melbourne Service, he contended that there was no justification for the step proposed to be taken.

I followed Sir Archibald. My arguments were similar in nature to those contained in the letter I had already sent in. I contended that it could not be supposed that the mother-country would, without notice, alter the whole principle of mutual responsibility for the Australian Mail Service, which, in various shapes, had been recognized and adopted over a period of at least twenty-five years. I then showed that there was nothing to justify the proposed alteration, which in reality involved taking from us £33,000 more than at present. The total increased cost of transmission both ways across the Continent of America, taking the weights of six mails in 1876 as the basis of calculation, amounted to only £3,600 per annum. The Atlantic service was under the present system one-half the cost of the system prevailing before 1876. It is true that under the present plan the exact cost of the Australian mails can be ascertained, because the payment is by weight instead of by a lump sum; but this plan involved a saving, and it did not matter to us what was the nature of the arrangement for carrying the Pacific mail. In either case it was recognized that the carriage of the mails to America involved a valuable consideration. In conclusion, I strongly protested against the arbitrary nature of the proceeding. If, I urged, a change was necessary, the colonies should have been invited to discuss it on the basis of facts and figures; whereas the course adopted was to make a trifling excess of expenditure on part of one route, which was more than counterbalanced by a saving on another part of the same route, the excuse for levying a contribution infinitely in excess of anything that upon any fair principle could be justified.

Mr. McAllister followed. Briefly but forcibly he expressed his approval of what had previously been said, and especially he supported Sir Archibald Michie's contention that on the Galle and Singapore routes there was not a shadow of excuse for the proposed step.

Sir Michael Hicks-Beach then intimated to us that he would look into the matter and consider our representations; but he also gave us to understand that he would await communications from the various Governments. I fear this delay has arisen through the separate action of New South Wales, to which I have already referred.

It was greatly a matter of regret with the other Agents-General that the Agent-General for New South Wales was prevented, by instructions from his Government, from acting with them. The isolation was particularly deplorable to me, because it threw on me alone the necessity of defending the interests of the two colonies which are jointly concerned in the expensive San Francisco Contract.

At first sight it seemed that this service was on a separate footing, and I have had to contend that, both in equity and policy, the colonies should in this matter all stand together on one footing.

It was on this understanding that the colonies in 1873 agreed to the present arrangements, and it would be highly unjust that any of the services should be placed at a disadvantage with respect to the others. Nor would such a course be expedient for the colonies concerned. In two years the present contract from here to Galle will expire, and it is likely that any new contract made will be based on the weight of the mails. If it was admitted that in the case of the San Francisco Service the colonies should be charged because of the mails being carried by weight, the same contention would then apply to the Suez Services when a similar plan was adopted. The result would be that, instead of the Imperial Government carrying the mails part of the way in consideration of the expensive services on the colonial side of the various routes, the colonies would find themselves saddled with the whole responsibility.

I hope that the course I have taken will commend itself to your approval.

I have, &c.,

JULIUS VOGEL,
Agent-General.

The Hon. the Postmaster-General, Wellington.

Enclosure 1 in No. 24.

Mr. HERBERT to the AGENT-GENERAL for New Zealand.

SIR,—

Downing Street, 5th July, 1878.

I am directed by the Secretary of State for the Colonies to transmit to you, for your information, a copy of a circular despatch which he has addressed to the Governors of the Australian Colonies and New Zealand, in reference to the change which, in the opinion of the Lords Commissioners of the Treasury, should be made at the end of the present year, in the arrangement entered into with the colonies in 1873, with respect to the proportion in which the postage on correspondence passing between the Australian Colonies and New Zealand and this country should be divisible between the Imperial and Colonial Post Offices.

The Agent-General for New Zealand.

I am, &c.,

ROBERT G. W. HERBERT.

Enclosure 2 in No. 24.

The SECRETARY of STATE for the COLONIES to His Excellency the GOVERNOR.
(Circular.)

SIR,—

Downing Street, 1st July, 1878.

I have the honor to transmit to you, for communication to your Government, copy of a correspondence with the Lords Commissioners of the Treasury, in reference to the change which, in their Lordships' opinion, should be made at the end of the present year, and should continue in force until the 1st of February, 1880, in the arrangement entered into with the Governments of the Australian Colonies and New Zealand in the year 1873, with respect to the proportion in which the postage on correspondence passing between the colonies and this country should be divisible between the Imperial and Colonial Post Offices.

I have caused a copy of this despatch and of its enclosures to be communicated to the Agent-General in this country for the colony under your government.

The Officer Administering the Government
of New Zealand.

I have, &c.,

M. E. HICKS BEACH.

Sub-Enclosure 1 to Enclosure 2 in No. 24.

The TREASURY to the COLONIAL OFFICE.

SIR,—

Treasury Chambers, 23rd May, 1878.

The Lords Commissioners of Her Majesty's Treasury have had under their consideration Mr. Malcom's letter of the 24th November last, forwarding copy of a despatch from the Governor of Victoria, with its enclosure, urging the extension of the present postal arrangements between this country and the Australian Colonies, until the 1st February, 1880, the date on which the colonial and Imperial contracts with the Peninsular and Oriental Steam Navigation Company will expire.

My Lords have likewise had before them the correspondence which took place in 1873, wherein their predecessors expressly declined, on the part of Her Majesty's Government, to bind themselves, as respects the arrangements in question, for a period exceeding five years, such period expiring at the end of the present year.

I am commanded to acquaint you, for the information of Secretary Sir Michael Hicks Beach, that, although my Lords are willing to sanction the continuance, until the termination of the present contract with the Peninsular and Oriental Steam Navigation Company, of that part of the arrangement made in 1873, under which the Imperial Government undertook, until the end of this year, the conveyance, free of charge, to the colonies, of the Victoria, &c., mails between this country and Galle, the Queensland mails between this country and Singapore, and the New South Wales and New Zealand mails between this country and San Francisco, and *vice versâ*, they are of opinion that the arrangement under which, besides the free transmission of the mails between the above points, the whole postage on the correspondence conveyed (exclusive of the British inland rate of one penny on the outward corre-

spondence, and the additional foreign transit rates on such of the correspondence as is forwarded *via* Brindisi) is handed over to the respective colonies should be modified; and that a larger share of such postage should accrue to the Imperial Post Office than it now receives, towards defraying the expense which it incurs in the conveyance of such mails.

Although perhaps the fair solution of this question would be for the Colonial and Imperial Post Offices each to retain the postage which they collect, my Lords will not now prefer such a demand; but the modification they would propose is that from the commencement of next year, and until the 1st February, 1880, the Imperial Post Office, instead of merely retaining, as at present, the British inland rate of 1d. on outward letters, shall keep 4d. out of the postage of 6d., on all letters sent from this country to the Australian Colonies and New Zealand, handing over to the colonies the remaining 2d., the colonies on their side retaining, as they do now, the whole of the postage of 6d. on the homeward letters; but accounting, however, as at present, for the additional rates upon such letters as are sent from the colonies by the route of Brindisi, such rates being levied to defray the cost of transit through Italy and France.

According to the principle above laid down, two-thirds of the postage on the outward correspondence will accrue to the Imperial Post Office, and the same principle will of course be applicable to the intermediate correspondence (*e.g.*, to letters from the Continent of Europe, India, China, &c., addressed to the colonies), and to the outward postage of newspapers, books, and patterns.

I am, in conclusion, to request that a copy of this letter may be communicated to the Governments of the respective colonies for their information.

R. G. W. Herbert, Esq., Colonial Office.

I have, &c.,

WILLIAM LAW.

Sub-Enclosure 2 to Enclosure 2 in No. 24.

The COLONIAL OFFICE to the TREASURY.

SIR,—

Downing Street, 6th June, 1878.

I have laid before the Secretary of State for the Colonies your letter of the 23rd ultimo, stating that the Lords Commissioners of the Treasury are prepared to sanction the continuance, until the termination of the present contract with the Peninsular and Oriental Steam Navigation Company, of that portion of the existing arrangement under which the Imperial Government undertakes, until the end of the present year, to convey, free of charge to the colonies, the Australian and New Zealand mails to and from Galle, Singapore, and San Francisco; but that their Lordships are of opinion that a modification should take place from the commencement of next year to continue to the 1st February, 1880, in the arrangement as to postage on the correspondence conveyed, by which a larger share may accrue to the Imperial Post Office.

Before transmitting a copy of your letter to the Governors of the colonies concerned, Sir Michael Hicks Beach would be glad to be furnished with a statement explanatory of the reasons for which their Lordships propose this modification of the arrangements which, after much discussion, were agreed upon in 1873, in order that the Colonial Governments may at once have before them the necessary information.

The Secretary of the Treasury.

I have, &c.,

J. BRAMSTON.

Sub-Enclosure 3 to Enclosure 2 in No. 24.

The TREASURY to the COLONIAL OFFICE.

SIR,—

Treasury Chambers, 15th June, 1878.

The Lords Commissioners of Her Majesty's Treasury have had before them Mr. Bramston's letter of the 6th instant, requesting to be informed of the reasons which have induced them to propose a modification of the arrangements under which the mails for the Australian Colonies and New Zealand are now conveyed.

I am commanded to request that you will observe to Secretary Sir Michael Hicks Beach that the arrangements referred to were limited in 1873 to a period which will expire at the end of the present year. Her Majesty's Government having, at that time, expressly declined to agree to their being extended beyond such period, my Lords need only refer the Secretary of State to the letter from this Board of the 21st August, 1873, and to the Earl of Kimberley's despatch of the 15th September following.

On the receipt of Mr. Malcolm's letter of the 24th November last, forwarding copy of a despatch from the Governor of Victoria, requesting the extension of the present postal arrangements until the 1st February, 1880, my Lords referred the matter for the consideration of the Postmaster-General. A copy of His Lordship's report thereon, dated 10th December last, is forwarded herewith for the information of the Secretary of State; and I am at the same time to state that my Lords, concurring in his observations, felt that they were warranted in proposing the modifications referred to in their letter of the 23rd ultimo, whereby a larger share of the postage on the outward correspondence with the Australian Colonies and New Zealand than it now receives would accrue to the Imperial Post Office.

My Lords would only further remark that, taking the entire postage on the correspondence outwards and homewards as one, the Imperial Post Office will only retain one-third, whilst two-thirds of the whole postage will accrue to the respective colonial Post Offices.

R. G. W. Herbert, Esq., Colonial Office.

I have, &c.,

WILLIAM LAW.

Sub-Enclosure 4 to Enclosure 2 in No. 24.

LORD JOHN MANNERS to the LORDS of the TREASURY.

MY LORDS,—

General Post Office, 10th December, 1877.

I have the honor to return the letter from the Colonial Office on the subject of the Australian Mail Service, which was referred to me by your Lordships on the 28th ultimo.

That letter covers a copy of a despatch from the Governor of Victoria, calling attention to the arrangement made by Her Majesty's Government with the Governments of the several Australian Colonies and of New Zealand, in 1873, with respect to the carriage of the mails between the mother-country and those colonies.

The five years which that arrangement was to last will expire in December, 1878, and the Governor urges that it should be extended until the 1st of February, 1880, on which day the contract entered into between the Government of Victoria and the Peninsular and Oriental Steam Navigation Company, on the 10th of June, 1873, will expire.

I do not feel myself at liberty to recommend a compliance with that request.

The question was very attentively considered at the time. Your Lordships' predecessors stated very decidedly, in a letter to the Colonial Office dated the 21st August, 1873, that Her Majesty's Government declined to bind itself to the new arrangement for a longer period than five years, and that decision was communicated, in as decisive terms, to the Governor of Victoria, in a despatch dated the 15th September of that year.

It appears to me desirable to adhere to the resolution then come to, more especially as (so far as the Australian mails forwarded *via* San Francisco are concerned) the mother-country is in a much less favourable position than she was in 1873, when the arrangement was made. 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.

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.

Under the scheme sanctioned in 1873, the mother-country retains its inland rate—1d. per half-ounce—on all letters sent to Australia or New Zealand, but pays over to the colonies the remainder of the postage collected, less the additional foreign transit rates levied on such of the letters as are forwarded by the route of Brindisi, which foreign rates are paid to the French and Italian Post Offices.

On the other hand, the mother-country bears the cost of conveying by sea, as far as Point de Galle, Singapore, or New York, the Australian and New Zealand letters, as well as the charge made by the United States Post Office for the land transit over the American territory, of letters, &c., sent *via* San Francisco.

On the homeward correspondence the mother-country receives nothing.

The colonies account to this office for the foreign transit rates levied on letters from the public *via* Brindisi; but this office has to pay the whole amount to Italy and France.

While obtaining no part of the postage, the mother-country undertakes to convey, at its sole expense, the mails from Singapore, Point de Galle, or New York, and also defrays the United States transit charges on the letters to be brought by the San Francisco route.

The Lords Commissioners of Her Majesty's Treasury.

I have, &c.,

JOHN MANNERS.

Enclosure 3 in No. 24.

The AGENT-GENERAL for Victoria to the Hon. the CHIEF SECRETARY, Melbourne.

(Telegram.)

London, 19th July, 1878.

IMPERIAL Government declines carry mails to Galle, Singapore, Frisco beyond end year, present terms. Ask, instead, two-thirds postage collected this side. Agents-General (excepting Forster, absent) propose joint remonstrance. Acquaint other Governments, as desirable all act together. Instruct us.

The Hon. the Chief Secretary, Melbourne.

ARCHIBALD MICHIE.

Enclosure 4 in No. 24.

The AGENT-GENERAL for NEW ZEALAND to the SECRETARY of STATE for the COLONIES.

SIR,—

7, Westminster Chambers, Victoria Street, S.W., 24th July, 1878.

I have the honor to acknowledge the receipt of your despatch of the 5th of July, enclosing copy of a despatch sent by you to the Governor of New Zealand, relating to a change which the Lords Commissioners of the Treasury propose should be made after the close of the present year, with respect to the proportion in which the postage on correspondence passing between the colonies and this country should be divided by the Imperial and Colonial Governments.

Sir Archibald Michie, the senior Agent-General, has already, on behalf of other Agents-General, asked you to receive them, to enable them to make a personal representation on the subject of the correspondence under consideration.

It may, however, be convenient that the nature of their remarks should first be placed before you in writing; and I do myself the honor to bring under your notice the scope of the representations which I propose to make on behalf of New Zealand.

I take on myself the responsibility of protesting most strongly, on behalf of the colony, against the proposed change, both on account of its arbitrary and its excessive nature.

It would be well to briefly describe the circumstances which have led to the subsisting arrangement which it is now proposed to supersede. Up to the close of 1873, the mails to Australia were

carried to and from the colonies under two contracts entered into by the Imperial Government with the Peninsular and Oriental Steam Navigation Company. The one contract provided for the carriage of all mails between Great Britain, India, and China, the other related to the carriage of mails between Point de Galle, in the Island of Ceylon, and Australia. The leading features of the terms of the arrangement which existed between the Imperial country and the colonies were, that a rateable amount (based on the proportion of correspondence) of the cost of the service between Galle and England should be added to the cost of the service between Galle and Australia, and that the colonies should pay one-half the joint amount, the Imperial Government the other, the receipts for postage to be retained by the mother-country and colonies respectively collecting the same. It is unnecessary to refer to minor details respecting the Egyptian transit rates. The colonies were so discontented with the manner in which the service from Galle to Australia was performed, and with its heavy cost, that they instigated the Imperial Government to give the necessary notice to end the contract. This was accordingly done, and the contract expired at the end of 1873. Parenthetically it may be remarked that the action of the colonies was justified by subsequent results. The service has been much better worked under the new contract, and the cost has been £30,000 per annum less, against which it should be said the contract boats run to Melbourne only instead of to Sydney. When the contract which was to expire in 1873 was approaching its termination, the Imperial Government, recognizing that the colonies could better watch over the working of a similar contract, proposed that they should make the new arrangements, and offered to carry the mails free to Galle and to Singapore, and to contribute half the cost (such half cost not to exceed £40,000) for the service, to be arranged by the colonies between Galle and Australia, each to retain postages as before. This proposal fell through, because of the colonies not being able to agree as to the terminal port in Australia. The Imperial Government then proposed to continue the existing service for two or three years. The colonies declined the offer. A third proposal was then made, that the Imperial Government should carry without cost mails to and from Galle and England, to and from Singapore and England, and to and from San Francisco and England, the colonies to pay the whole cost of the services between Australia and Galle, Singapore and San Francisco; the postages collected in Great Britain, less the inland rate, to be handed over to the colonies, and the arrangement to last for five years. The proposal was accepted, and the Colony of Victoria entered into a contract for the conveyance of mails between Galle and Melbourne; Queensland entered into a contract for the conveyance of mails between its ports and Singapore; and New South Wales and New Zealand entered into a contract for the carriage of mails between those colonies and San Francisco. The first and last of these have yet a considerable time to run, and I believe the same is the case with the Queensland contract. The five years mentioned by the Imperial Government as the terms of their proposal ends with the present year, and the correspondence under reply refers to the conditions according to which my Lords of the Treasury are willing to renew the arrangement. Those terms are that they retain two-thirds, instead of as now one-sixth, of the postages collected by the Imperial Post Office.

It will be seen from the foregoing review that hitherto Her Majesty's Government have recognized a joint responsibility for the carriage of the Australasian mails. When, for convenience sake, it was found better that the colonies should themselves make and watch over the contract for that end of the service which touched their own shores, the Government did not disclaim their liability. They offered to give the use of the Home sections of the service free, and to contribute £40,000 to the colonial sections dividing the postages, and, when that plan could not be adopted, they offered the use of the same sections free, and, in lieu of £40,000, to give up the whole of the postages except the inland rate. It is reserved for the present Government, which on several occasions have asserted their desire to be particularly friendly to the colonies, to propose the new arrangement.

It is singular that this new arrangement consists of a claim, at so short a notice that it would be difficult for the colonies to effectually resist it, to considerably better terms than those at present subsisting. It is true, that the existing arrangement was only to last for five years, but the colonies understood, as a matter of good faith, that further arrangements would be based on the same principle, and that they were therefore safe in making contracts, which to secure reasonable terms it was absolutely necessary should extend beyond 1878. It did not enter into their calculations that the Imperial Government would abandon the principle of the existing arrangement, and seek to acquire a larger share of the postal receipts, on the strength of which the colonies entered into costly contracts.

If my Lords of the Treasury were to assert that they could not agree to the mother-country being placed on worse terms than in 1873, and that some extra payment was required to place them on such terms, the colonies might recognize that the proposal was at any rate not of an arbitrary nature, and consider the amount of increase necessary. It is my duty to show that the present proposal is both arbitrary and unreasonable.

I may claim that you recognize the justice of my contention, for when the Lords Commissioners of the Treasury announced to you the intended change, Mr. Bramston, under your directions, wrote to the Secretary of the Treasury, that you "would be glad to be furnished with a statement explanatory of the reasons for which their Lordships propose this modification of the arrangements which after much discussion were agreed upon in 1873, in order that the Colonial Governments may at once have before them the necessary information."

I have now to refer to the answer which was sent to you explanatory of the change, and to contend that it wholly fails to justify it. That answer comprised the following points, to which I will refer in the order named:—1. That my Lords refused in 1873 to prolong the duration of the arrangement beyond the period of five years, and that this was stated in some correspondence quoted. 2. That the "mother-country is in a much less favourable position than she was in 1873 when the arrangement was made." 3. That taking the entire postage on the correspondence outwards and homewards as one, the Imperial Post Office will only retain one-third, whilst two-thirds of the whole postage will accrue to the respective Colonial Post Offices.

With reference to the first point, I have already admitted the fact that the arrangement was for five years, but contended that it could not have been contemplated at the end of that time to reverse

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

total cost of the service to the United States. On the terms of the arrangement of 1873, the mother-country is in a greatly better position—that is to say, the value represented by the free carriage of mails to and from San Francisco is much less than is represented by the then payments. Yet for the increased cost of transit across the continent, amounting to £3,600, without taking into account the saving on the ocean service, the Post Office proposes to impound two-thirds, instead of as at present, one-sixth, of the postage receipts.

The change means that the Home Government will retain some £33,000 of postage more than they keep at present, and the sole excuse for it is some £4,000 extra charge on the United States carriage, which extra charge is less than one-half the amount saved on the ocean transit to New York. This is easily shown. The saving by the present Atlantic service is one-half the entire amount that used to be paid. The present cost of sending the Australian mails to New York is £7,124, and this represents one-half the former proportion, so that there is a saving in the Atlantic service of £7,124 against an increase of £3,600 on the land transit service. Even supposing, which I strenuously object to, it was held that, notwithstanding the saving of cost, the £7,124 represented an extra payment, and that it should be added to the £3,600, the two together would only amount to £10,724, and it is proposed to impound £33,000 to cover it.

To avoid misunderstanding, I may say that the figures I have given refer to the Australian and New Zealand mails combined. By the San Francisco route there are heavy mails for New South Wales as well as for New Zealand. I believe Queensland also, to some extent, uses this service.

Touching the third point, my Lords, when they claim to be liberal because they only ask one-third of the total postages, appear to forget altogether the enormous cost the colonies are put to for the subsidies for which they alone are liable.

The subsidies for carrying the English mails paid by the colonies amount to close upon £200,000 annually. For this they get the postages less the inland rate, and free carriage on the Anglo-Galle, Anglo-Singapore, and Anglo-San Francisco Sections. They lose considerably by the present arrangement.

The old plan was a division of the receipts and the cost between the mother-country and the colonies. The alterations made have avowedly been for convenience sake, and not to change the principle of payment. I respectfully but strongly protest against the claim which is now made, as it is not justified by any change in the circumstances under which the existing agreement was entered into, and because it will create the gravest possible dissatisfaction in the colony. That dissatisfaction will not arise so much from the loss of the money, as from the sense of the injustice of the Imperial Government forcing upon the colonies an arbitrary payment quite uncalled for by the conditions of the case, but from which the colonies, having entered into liabilities for the sectional services, would have no power to free themselves.

I have, &c.,

JULIUS VOGEL,

Agent-General.

The Secretary of State for the Colonies.

Enclosure 5 in No. 24.

The AGENT-GENERAL for Victoria to the SECRETARY of STATE for the COLONIES.

Memorandum of the Agent-General for Victoria for Sir Michael Hicks Beach, Her Majesty's Principal Secretary of State for the Colonies.

REFERRING to Mr. Herbert's letter of the 5th instant and to the letters accompanying it on the subject of postal charges to the Australasian Colonies, copies of which Sir Michael Hicks Beach has been so good as to forward to the Agent-General for Victoria, for the information of his Government, the Agent-General begs to submit the following reasons against the adoption by Her Majesty's Government of the proposal contained in Lord John Manners's communication.

That proposal is, that from the end of the present year, and until the 1st February, 1880, the Imperial Post Office shall receive 4d. instead of 1d., as hitherto retained, out of the 6d. charged on a colonial half-ounce letter posted in England.

The principal, if not the only distinctly specified ground put forward in support of this suggestion appears to be that the United States Government have recently raised their terms for the carriage of book-parcels and other printed matter across the American continent, and that consequently the mother-country is now (as alleged) in a worse position than that she held before the United States Government made the new regulation. It is not, however, stated that, simultaneously with the making this charge, a reduction of the postal charge on letters was conceded by the United States; so that at any rate the one would to some extent—perhaps to a considerable extent—balance the other.

Be this, however, as it may, and accepting the statement of Lord John Manners as it stands, the Agent-General respectfully submits that it altogether fails to justify Lord John Manners's proposal as against any of the colonies; and as regards those colonies using the Suez route the statement does not seem to apply at all, unless as a matter of course. The colonies using the Suez route are assumed to be liable to contribute to any deficit which may be shown to result from changed conditions in the working of the San Francisco route.

His Lordship, however, appears partly to rely, as against all the Australasian Colonies—whether using one route or another—on the fact that the mother-country carries, without cost, to the colonies all Australasian letters as far as Galle, Singapore, and New York. Here, however, it appears sufficient to answer that in this the mother-country only does what she contracted to do, inasmuch as on her own proposal it was expressly agreed, at the time of the entering into the now subsisting contract between Victoria and the Peninsular and Oriental Steam Navigation Company in 1873, that the mother-country should undertake this very service, and “my Lords” were particular in exacting the consideration for which such service was to be performed. Mr. R. R. W. Lingen, writing on the 16th of May, 1873, to the Colonial Office, from the Treasury, says, “We have determined to carry mails to and from Galle, Singapore, San Francisco, and this country free of charge.”

"If service is established by any one or more colonies from Galle, we will pay to each colony contributing to such service postage received on outward mail matter conveyed by such route to the colony so contributing, less transit charges and inland British postage, provided steamers touch each way at a port in Western Australia. Similar payment will be made in case of establishment of service from Singapore or from San Francisco."

On the strength of this undertaking the Victorian Government forthwith entered into their existing contract with the Peninsular and Oriental Steam Navigation Company.

It is evident, if we refer to previous offers of the Lords of the Treasury, that they regarded their carriage of the Australian mails thus far as only their fair contribution to a service which it was always seen must necessarily be a very costly one to the colonies, and which has since, and does still, actually cost Victoria primarily £90,000 a year, South Australia, Queensland, and Tasmania contributing. That this service was as much an Imperial as a colonial one is apparent from the solicitude with which at every point their Lordships have stipulated for conditions which should subserve the commerce of the mother-country with India, China, and Ceylon.

If it continue to be insisted on, as put by Lord John Manners, that Her Majesty's Government declined to bind itself to the new arrangement for a longer period than five years, such a contention seems diametrically at variance with, and even repugnant to, the language of my Lords in another and previous communication.

On the 14th of August, 1872, when a proposal for the same service was under consideration, their Lordships say, *inter alia*, that, having "given to the subject their attentive consideration, they undertake, on the part of the Imperial Government, on the termination of then existing contract, so long as the contract of the India and China Mail Service is in existence—*i.e.*, until the 31st of January, 1880—to convey the colonial mails between England and Point de Galle, and *vice versâ*, free of all charge to the colonies, on the colonies in combination providing an efficient line of packets fitted at Point de Galle to the Suez and China packets, to run every four weeks between Point de Galle and whatever port or ports in Australia the colonies may themselves consider most expedient, and *vice versâ*, their Lordships being prepared to contribute a sum not exceeding one-half of the expense of a four-weekly mail service between Point de Galle and the Australian Colonies and New Zealand, in the event of the latter colony becoming a party to the arrangement, subject, however, to the distinct limitation that the contribution to be made on the part of the Imperial Government in any one year should in no case exceed £40,000, and on the understanding that the packets should call at King George's Sound," &c. We thus see that, had this proposal been accepted—and which only miscarried in consequence of differences among the colonies themselves—the mother-country was prepared to make the above contribution until the 31st of January, 1880—*i.e.*, in other words, so long as the mother-country could feel assured that such an arrangement would substantially and effectually subserve her commercial and social relations with India, China, and Ceylon.

This proposal, however, having for the reason before mentioned, fallen through, was replaced by another, which, having been accepted by Victoria, was followed by the agreement now in force between that colony and the Peninsular and Oriental Steam Navigation Company.

Nothing has happened since in relation to any of the interests connected with the Suez route to warrant a departure from, or rather a violation of, the above undertaking in which Victoria has naturally trusted until the present time.

The whole service *viâ* Galle may therefore properly be regarded as a joint service as between the mother-country and Victoria, just as the service *viâ* San Francisco may be regarded as a joint service between the mother-country on the one hand and New South Wales and New Zealand on the other.

Although the cost of each service is distributed, or supposed to be distributed, as nearly as may be in equitable proportions, yet each party to either service is as much interested as the other in the whole continuous service being satisfactorily carried out.

The expressions used by Mr. Stronge, in the letter above mentioned, are sufficiently plain and forcible to render it almost unnecessary further to labour this point.

"The advantages," he writes, "attendant on the present route (the P. and O. route) appear to 'my Lords,' to be so conclusive that they are decidedly of opinion that it should not be changed."

The whole correspondence down to this date will go far to meet the position urged by Lord John Manners that, "taking the entire postage on the correspondence outwards and homewards as one, the Imperial Post Office proposes only to retain one-third, whilst two-thirds of the whole postage will accrue to the respective colonial Post Offices." But it is quite consistent with this statement that in taking this one-third the mother-country may yet be retaining much more than she is entitled to.

We are not informed, nor so far as the Agent-General knows, have we the means of exactly ascertaining, to what extent the mother-country possesses an advantage over the colonies by reason of the former having pre-existing postal arrangements with New York, Ceylon, and Singapore; but it appears distinctly enough as a leading fact, both from the admissions of the Lords of the Treasury, and from Lord John Manners's letter, that the mother-country is much more favourably situated for making advantageous terms for carriage of mails from England to Point de Galle, and *vice versâ*, than are the Australians for carrying mails to and from their country to Galle; and the same observation will apply to the services *viâ* New York or Singapore. To and from these places the mother-country must have mails even if the Australian did not exist, and therefore the cost to the mother-country of carriage of the Australian mails as far as these places cannot be a very heavy charge on the Imperial revenues.

In connection with this part of the case, Lord John Manners seems to pray in aid of his proposal that the mother-country has now to pay a certain sum on every ounce of letters, instead of, as formerly, paying a lump sum as a subsidy, under which she could then carry the Australian letters across America free of extra cost. What loss, if any, she is thus subject to does not appear; and it may be that, in the net financial result as between the two systems, the payment on the letters is very much more economical for this country than payment by a subsidy *ex nomine*. Those more particularly acquainted with the operation of the San Francisco route assert that this is actually the case, and that

the mother-country saves a very large sum by the change from a subsidy to payment on letters by the ounce. Still it may be contended that whatever the mother-country saves by the change, be it little or much, can confer no right on the colonists to have their letters carried across America for nothing, or at the expense of the mother-country.

But, even if we take this to be conceded on the part of the colonies immediately concerned—viz., New South Wales and New Zealand—it must be apparent that, previously to their being required to meet any claim accruing to the mother-country in this way, some account should be rendered to them on which it might be discovered how large a contribution (if any be claimable at all) should be made by each to meet the loss in equitable proportions.

No such statement of account is even attempted in the letter of Lord John Manners, or in any other letter, so that the colonists are invited to accept a proposal, whilst left utterly in the dark as to the merits of the case on which that proposal purports to be based. The unreasonableness of this course seems also to have struck Sir Michael Hicks Beach, as appears by the communication he has addressed through Mr. Bramston to the Treasury, before even forwarding the Treasury proposals for the consideration of the Agents-General. Howsoever it may be entertained by other colonies, the Agent-General cannot but protest against it on the simple ground that if enforced, as apparently intended, it would work as unjustly as injuriously to the interests of the colony he has the honor to represent. It would be compelling a colony, which is admitted to be in no wise directly or indirectly involved in the alleged deficit, to recoup to the mother-country by far the largest share of that deficit, seeing that the letters which go to Victoria exceed in number by many thousands the number sent from England to any other colony; and it would be doing this, too, against a colony which has made the largest sacrifices for the purpose of securing an efficient postal system for herself and the Empire.

The Agent-General, therefore, very confidently contends, taking all the above considerations into account, that no case has yet been made out by Her Majesty's Postmaster-General, or by the Treasury, to warrant any disturbance of the present postal arrangements, which, as Sir Michael Hicks Beach has justly observed in his letter to the Lords of the Treasury on this subject, "were, after much discussion, agreed upon in 1873," and have remained in operation unquestioned until the present time.

ARCHIBALD MICHIE,

Agent-General for Victoria.

31st July, 1878.

No. 25.

The Hon. J. T. FISHER, to the AGENT-GENERAL.

SIR,—

General Post Office, Wellington, 23rd September, 1878.

I have the honor to acknowledge the receipt, on Thursday last, of your despatch of the 29th July, with reference to the action taken by you on receipt of a copy of the despatch to His Excellency the Governor of this colony, from the Secretary of State for the Colonies, on the subject of the arrangements to be made after the end of the present year with regard to the postage collected in the United Kingdom for the postal matter despatched to Australia and New Zealand, whereby the Imperial Post Office proposes to retain two-thirds, instead of one-sixth, of the postage on the outward letters. I have also to acknowledge copy of a letter from Mr. Herbert to yourself, forwarding the copy of the despatch in question, and also copy of the telegram sent by Sir A. Michie to the Chief Secretary, Melbourne; also twelve printed copies of your letter to the Secretary of State for the Colonies, together with copy of the memorandum addressed by Sir A. Michie to the Colonial Office. The copy of the despatch and its enclosures were not, however, received.

I have to convey to you the thanks of the Government for the prompt and decided action you deemed it desirable to take in the interests of the colony. Your able letter to the Secretary of State for the Colonies puts forward the claims of the colonies for more favourable consideration in a forcible and clear manner; and I entirely agree with you that the proposed change is both "arbitrary and excessive, and is not justified by any change in the circumstances under which the existing agreement was entered into."

You had already, by wire, been requested to protest against the proposals of the Imperial Government; and, as your letter to the Secretary of State so ably urges the claims of the colony, I do not propose to further discuss the proposed new arrangement in this letter. I will by the San Francisco mail again refer to the matter. In the meantime, I venture to express the hope that the Imperial Government may be prevailed upon to continue existing arrangements, if not for an indefinite period, at least until the San Francisco Service expires in 1883.

From the enclosed copies of telegrams which I forward for your information, you will learn that the first intimation the department had of the determination of the Imperial Government, in the matter of the postages, was gathered from the newspapers. Sir A. Michie's telegram was not repeated to this colony, nor was any intimation sent this Government from the Chief Secretary, Melbourne; but I took the very earliest opportunity for urging upon the Postmaster-General for New South Wales the necessity for prompt and joint action on the part of the Agents-General. Although Mr. Forster appears, at the outset, to have adopted an entirely independent course, I trust that he is ere now cordially co-operating with yourself and the other Agents-General in the endeavour to obtain justice for the colonies in the matter of the ocean mail services.

In conclusion, I may add that the Secretary of State's despatch only reached this department on the 5th instant, during the short parliamentary recess, and when I was absent from Wellington.

I have, &c.,

J. T. FISHER.

Sir Julius Vogel, K.C.M.G.,

Agent-General for New Zealand, London.

No. 26.

The AGENT-GENERAL to the Hon. POSTMASTER-GENERAL.

SIR,—

7, Westminster Chambers, London, S.W., 14th August, 1878.

Since I had the honor to address you by the Suez mail on the subject of the proposed change in the distribution of the postages collected here on account of mails for the Australasian Colonies, I have received a letter from the Under Secretary of State (copy of which I attach) acknowledging my previous communication, and also a telegram from the Hon. the Premier. *

I have also seen Mr. Forster, the Agent-General for New South Wales, two or three times, and that gentleman has informed me that he has received instructions from his Government, by telegraph, to co-operate with me in representations to the Secretary of State. Previously Mr. Forster was instructed to wait until after the despatches from the Colonial Office had reached Sydney, and in my former letter I expressed the regret I felt at Mr. Forster not acting with the other Agents-General. I showed Mr. Forster what I had written, and he complained of my having done so, said he was away from town, and not aware that we had adjourned our meetings to await his attendance. The fact, however, remains, that he received invitations to our meetings, and that he preferred communicating separately with his Government. Whilst we were waiting for him he was taking this separate action. On the other hand, he was a considerable distance from town, and might have found it inconvenient to attend.

Since the receipt of the last instructions, Mr. Forster has written to the Secretary of State a letter which he has read to me, and of which he promises a copy.

I have, &c.,
JULIUS VOGEL,
Agent-General.

The Hon. the Postmaster-General, Wellington.

Enclosure in No. 26.

MR. BRAMSTON to the AGENT-GENERAL.

SIR,—

Downing Street, 9th August, 1878.

I am directed by the Secretary of State for the Colonies to acknowledge the receipt of the representation which you have made to this department, dated the 24th of July, in regard to the change which the Lords Commissioners of the Treasury consider should be made after the close of the present year in the amount of postage which should accrue to the Imperial and Colonial Post Offices respectively on the correspondence passing between the Australasian Colonies and this country.

Sir Michael Hicks Beach desires me to inform you that he has read your letter with attention, and has caused a copy of it to be transmitted for the consideration of the Lords Commissioners of the Treasury.

The Agent-General for New Zealand.

I have, &c.,
JOHN BRAMSTON.

No. 27.

The AGENT-GENERAL to the Hon. the POSTMASTER-GENERAL.

SIR,—

7, Westminster Chambers, London, S.W., 15th August, 1878.

In continuation of my letter of the 14th instant,, I have the honor to inclose you copy of a telegram received by the Agent-General for Victoria this morning from his Government. After consultation with him and the other Agents-General, it was agreed that the subjoined telegram should be sent in reply.

I have, &c.,
JULIUS VOGEL,
Agent-General.

The Hon. the Postmaster-General, Wellington.

Enclosure 1 in No. 27.

The Hon. the CHIEF SECRETARY, Victoria, to the AGENT-GENERAL for Victoria.

(Telegram.)

(Received 15th August, 1878.)

REPRESENTATIVES Australian Governments now meeting wish prompt communication result of protest Agents-General against proposed increase proportion postage retainable by English Government.

The Agent-General for Victoria, London.

G. BERRY.

Enclosure 2 in No. 27.

The AGENT-GENERAL for Victoria to the Hon. the CHIEF SECRETARY, Victoria.

(Telegram.)

London, 15th August, 1878.

AGENTS-GENERAL (excepting Forster, instructed by his Government to wait) made representations Secretary State, who promised consider them, but indicated would wait hear from colonies. Forster since instructed act, and written Secretary State adopting action taken.

The Chief Secretary, Victoria.

ARCHIBALD MICHIE.

* See No. 13 of present series.

No. 28.

Mr. GRAY to the AGENT-GENERAL.

SIR,—

General Post Office, Wellington, 12th October, 1878.

I have the honor to acknowledge the receipt of your communication of the 15th August last, enclosing copy of a telegram received on that date by the Agent-General for Victoria from the Chief Secretary, Melbourne, asking him to communicate the result of the protest of the Agents-General against the proposed increase in the proportion of postages to be retained by the Imperial Government, together with a copy of the telegram which, after consultation with the other Agents-General, it was decided to send in reply thereto. This department had no previous knowledge of the telegrams in question.

I have, &c.,

Sir Julius Vogel, K.C.M.G.,

Agent-General for New Zealand, London.

W. GRAY,

(For the Postmaster-General.)

No. 29.

The AGENT-GENERAL to the Hon. the POSTMASTER-GENERAL, Wellington.

SIR,—

7, Westminster Chambers, London, S.W., 7th June, 1878.

I have to acknowledge the receipt of your letter of 30th March, forwarding me a copy of correspondence with Mr. R. J. Creighton on the question of transit rates on mail matter across the American continent.

Since its receipt I have been in communication with Sir Daniel Cooper and Mr. Forster, Agent-General for New South Wales.

I have pleasure in forwarding you copies of documents which these gentlemen have furnished me.

I have, &c.

JULIUS VOGEL,

Agent-General.

The Hon. the Postmaster-General, Wellington.

Enclosure 1 in No. 29.

Mr. THORNTON to Sir DANIEL COOPER.

MY DEAR SIR DANIEL,

British Legation, Washington, 28th October, 1876.

During my endeavours to come to an arrangement with the United States Post Office with regard to the transit of the mail, which was absolutely necessary, as the old arrangement had expired, I had more than one interview with Mr. Huntingdon, who manages the Central Pacific Railway, but could never ascertain from him what the weight of the mails really was. The Postmaster-General in his presence said it had been 33 cents per lb., and was now about 30 cents per lb. Mr. Huntingdon neither denied nor acquiesced except by silence. The Postmaster-General still insists that 30 cents is the cost of the transport.

A franc is equal to 193 cents, a kilogramme equal to 2·2055 lb.

Therefore, by the late arrangement for our mails, the charge for letters per lb. is 52·5 cents., and the charge for printed matter 17·5 cents per lb. The British mails transported between New York and San Francisco are about one-twelfth letters and eleven-twelfths printed matter, so that the average is about 20·4 cents per lb. It seems to me to be a very fair arrangement, and it was accepted by our Post Office without objection.

It is a bad time just now for doing business of any sort. The Postmaster-General is going to-morrow to Indiana on account of the elections, and the Superintendent of the Money Order Office is also absent and may return on Monday, but it is not certain. But it seems there is a great objection to increasing the number of Money Order Conventions, and, at any rate, it is a matter which would take several months to arrange.

With regard to a postal arrangement with Melbourne, this Post Office is prohibited from coming to any temporary arrangement except by postal convention. Some time ago the Melbourne Post Office made a proposal which this Post Office was prevented by law from accepting, but it answered it was prepared to agree upon a postal convention upon the same terms as those with New South Wales and New Zealand. The United States Postmaster-General is awaiting an answer to that communication.

As far as these matters are concerned I think it would be a matter of time to pay a visit to Washington. It is possible that if you do not come here I may see you at Philadelphia next week.

I have, &c.,

Sir Daniel Cooper.

EDWD. THORNTON.

Memoranda added by Sir D. Cooper.

[Newspaper extract.]

Washington, 6th October, 1876.

POSTMASTER-GENERAL TYNER and Sir Edward Thornton, acting on behalf of the Post Office Department of Great Britain and this country, signed an agreement to-day that the territorial transit charges to be paid by the British Post Office shall be 6 francs per kilogramme of letters (about 2 lb. 3 oz.), and 2 francs per kilogramme of printed matter and samples of merchandise. These new and increased rates apply to all mails conveyed across our territory on and after 24th August, 1876, and the agreement is terminable at one year's notice.

WEIGHT of the Australian Mails received *via* San Francisco in transit (overland) to New York and despatched by the following named Steamers to Great Britain:—

Date of Despatch. 1867.	Steamer.	Weight of Letters.			Printed and Other Matter.		
		lb.	oz.	grammes.	lb.	oz.	grammes.
Feb. 23	Java ...	876	9	or 397,524	6,188	0	or 2,806,311
April 19	Bothnia ...	1,092	5½	or 495,382	7,007	10	or 3,177,985
May 13	City of Richmond ...	1,095	5½	or 496,742	5,907	4	or 2,678,961
July 8	Germanic ...	1,078	14	or 489,274	6,861	5½	or 3,111,675
Aug. 5	City of Montreal ...	1,037	7	or 493,157	7,119	2	or 3,228,551
Sept. 30	City of Richmond ...	1,060	13	or 481,082	6,405	1	or 2,904,721
		6,291	6	or 2,853,161	39,488	6½	or 17,908,204
Recapitulation: Total weight of letters ...					6,291	6	or 2,853,161
" " printed matter ...					39,488	6½	or 17,908,204
					45,779	12½	or 20,761,365

Letters, say $\frac{1}{2}$; printed matter, &c., $\frac{2}{3}$, instead of $\frac{1}{2}$ and $\frac{1}{2}$. For a rough estimate in the United States it is found that 50 letters equal 1 lb.; 1 lb. letters therefore charged 52·5 cents, equal to 1 cent and a small fraction each; 6 packets printed and other matter (1 lb. printed matter), at 17·5 cents, equals nearly 3 cents for each.

Enclosure 2 in No. 29.

SPECIAL ARRANGEMENT between the General Post Offices of the United Kingdom and the United States, fixing Rates of Territorial Transit Charges on British Closed Mails conveyed across the American Continent, between Boston or New York and San Francisco.

WHEREAS Article X. of the treaty concerning the formation of a general Postal Union, signed at Berne, October 9, 1874, provides that the territorial transit charges on the mails conveyed across the United States of America by the railways between New York and San Francisco shall continue to form the object of special arrangements between the Post Offices concerned: And whereas the territorial transit rates for the conveyance of correspondence in closed mails through the United States, fixed by the eleventh article of the Postal Convention, of 7th and 24th November, 1868, between the General Post Office of the United Kingdom of Great Britain and Ireland and the General Post Office of the United States of America, were, by a notice of one year, terminated on the 24th August, 1876: The undersigned, being thereunto duly authorized by their respective Governments, and acting for and in behalf of the General Post Offices of the United Kingdom and of the United States respectively, do hereby agree that the territorial transit charges to be paid by the British Post Office to the United States Post Office on the British closed mails conveyed on and after the 24th August, 1876, across the territory of the United States between Boston or New York and San Francisco, shall be six francs per kilogramme of letters, and two francs per kilogramme of newspapers, other printed matter, and patterns and samples of merchandise.

This agreement shall be terminable at any time on a notice by either office of one year.

In testimony whereof the undersigned have subscribed their names and affixed their seals hereto, at Washington, in duplicate original, this 6th day of October, 1876.

EDWARD THORNTON,
H.B.M.'s Minister.

JAS. N. TYNER,
Postmaster-General of the United States.

No. 30.

The Hon. the POSTMASTER-GENERAL to the AGENT-GENERAL.

SIR,—

General Post Office, Wellington, 17th August, 1878.

I have the honor to acknowledge the receipt of your letter of the 17th June last, relative to the question of transit rates on mail matters conveyed across the American continent, and enclosing copies of correspondence forwarded you by Sir Daniel Cooper and Mr. Forster, Agent-General for New South Wales, with whom you had been in communication on the subject. The information furnished in the enclosures is of a most satisfactory character.

Sir Julius Vogel, K.C.M.G., Agent-General for New Zealand.

I have, &c.,
J. T. FISHER.

By Authority: GEORGE DIDSBURY, Government Printer, Wellington.—1878.

Price 1s.]

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