

In order, however, to meet the objection raised by New Zealand at the time this proposal was under consideration, and to admit of the postal charges *viâ* Brindisi being assimilated to those *viâ* San Francisco, it was agreed that that colony should receive the same proportions of postage by the former as by the latter route, viz., two-thirds of the postage on outward letters and half the postage on outward packets and newspapers, the whole of the postage on homeward correspondence being retained by New Zealand, and the Home Government defraying the Italian and French transit charges both ways, as in the case of correspondence to and from Victoria.

To enable this to be done, Victoria has undertaken to repay to the Imperial Post Office the sums overcredited, viz.,—1½d. per half-ounce on outward letters, and half the postage on packets and newspapers, both ways.

It will be seen that the concession made by Victoria has precisely the same effect as if, in consideration of New Zealand reducing the postage *via* Brindisi to San Francisco rates, Victoria had agreed to reduce the transit charges to and from Galle for outward letters by one-fourth, and for packets and newspapers, both ways, by one-half.

Under these circumstances, the maintenance by New Zealand of the rates above mentioned on correspondence forwarded *viâ* Brindisi is manifestly inequitable, as it must to a considerable extent deter persons who have long been accustomed to send their letters at the lower rates from using the fortnightly mail service, and have the effect of diverting therefrom a large proportion of correspondence which would otherwise be transmitted *viâ* Galle, in consequence of which Victoria cannot, so long as those rates are enforced, receive from New Zealand a due contribution towards the cost of a service established for the benefit and in the interests of all the colonies.

In view of the foregoing facts it is suggested that the Government of New Zealand be asked to bring the reduced rates into operation—as Queensland and Western Australia have already done—with as little delay as possible; and thereby establish, to the great convenience of the public generally, uniform postal charges on correspondence sent by the several routes to and from the United Kingdom,

HENRY CUTHBERT,
Postmaster-General.

Post Office and Telegraph Department,
General Post Office, Melbourne, 24th July, 1880.

No. 11.

The Hon. JOHN HALL to the Hon. the CHIEF SECRETARY, Melbourne.

SIR,—

Colonial Secretary's Office, Wellington, 20th September, 1880.

I have the honor to acknowledge the receipt of your letter of the 30th July last, in which you forward a memorandum from the Postmaster-General of Victoria, complaining that the New Zealand Post Office continues to charge the same rates of postage on correspondence *viâ* Brindisi as were in operation before the abandonment of the Southampton route.

The grounds of that complaint appear to be: (1.) That such a proceeding is "contrary to the spirit of the agreement made to obviate any objection" to the new arrangement; and (2.) That it has the effect of diverting to the San Francisco route a large proportion of New Zealand correspondence which would otherwise be transmitted by way of Galle.

With respect to the first objection, I beg to point out to you that this Government was no party to any agreement by which the postage on correspondence for New Zealand *viâ* Brindisi was reduced to 6d. per single letter: and that, moreover, the Agent-General for New Zealand in London, under instructions from me, informed Her Majesty's Government that this Government objected to the proposal; their objection has since been reiterated. Obviously, therefore, New Zealand cannot be considered to be bound in any way by the agreement to which you refer.

As regards the complaint that adhering to the postage of 8d. per letter diverts New Zealand correspondence from Brindisi to the San Francisco route, I think it would be more correct to say that the reduction of the Brindisi postage, on letters posted in London, from 8d. to 6d., has had the effect of diverting correspondence from the San Francisco service, which is maintained at a large cost by this colony and New South Wales. Not only is this the case with respect to letters which are intentionally sent by way of Galle, but it has been found for some months past, that a large number of letters, not specially directed, and which should therefore, have been forwarded *via* San Francisco, have been transmitted by the British Post Office by the Brindisi route.

That this is a matter for serious complaint on the part of New Zealand, the following statement of loss sustained by this department on all Brindisi mail matter will show:—

Amount credited to New Zealand Post Office by London on each half-ounce letter	d.
..	4
Amount paid by New Zealand to Victoria for conveyance of half-ounce letter from Galle to Melbourne	d.
..	6
Cost of conveyance per half-ounce letter from Melbourne to New Zealand, subsidy being apportioned to correspondence	6
	— 12
Loss to New Zealand on each half-ounce letter, without making any charge for New Zealand internal rate	— 8

The loss on correspondence posted in New Zealand, though less than the above, is considerable, even at the present rate of 8d. per half-ounce letter.

The loss on book packets and newspapers posted in the United Kingdom is also very heavy. I feel sure that your letter has been written without full information as to the above-mentioned facts, and that on consideration of them you will admit the unreasonableness of expecting that, while New Zealand supports, at a very heavy cost, a mail service *viâ* San Francisco, which has proved itself in every way the most advantageous for this colony, it should encourage the transmission of its correspondence by another route, through a reduction in rates of postage which already leave a heavy loss to the Government on all mail matter so forwarded.