

REPLY of the Hon. CHARLES COWPER, Esq., dated Dubbo, 30th June, 1869, to the Hon. JOHN ROBERTSON, Esq., Colonial Secretary, Sydney.

I do not remember ever to have pledged myself, either verbally or in writing, to such an agreement; and, unless a document can be produced to the contrary, I do not believe that I ever did so.

(D.)

[Extract from the *Sydney Morning Herald* of 8th February, 1872.]

GENTLEMEN,—

7th February, 1872.

From 1855 to September, 1864, no duties were received by this colony on goods imported across the Murray. The loss to our Treasury during that period by reason of such non-collection must have been at least £400,000, every penny of which went into the Treasury of Victoria. In April, 1863, Mr. Cowper proposed to Mr. O'Shanassy to enter into some arrangement by which this colony might be enabled to receive the duties in question. In May, 1863, the Under-Secretary of Victoria wrote to Mr. Cowper in answer to his proposal, and distinctly declined to accept it. A week afterwards Mr. Cowper submitted three proposals in reference to the border duties. After the lapse of nearly three months, on the 30th May, 1863, Mr. O'Shanassy replied, refusing to enter into any arrangement whatever, on the ground that the advantage derived by this colony from access to the Victorian market was a sufficient compensation for the loss of the border duties. In February, 1864, Mr. Hart, the Treasurer of South Australia, undertook to reopen the question with the Government of Victoria on behalf of this colony, and on the 19th March he sent a telegram to the Government in Sydney stating that Victoria would agree to no terms. In June, 1864, three months after this telegram, Mr. Forster wrote to the Chief Secretary of Victoria again urging the propriety of making an arrangement to avoid, if possible, the actual collection of duties on the Murray. Mr. McCulloch evaded the question by raising another issue. All efforts for accommodation having thus failed, and this colony having suffered for nearly ten years a loss of revenue not less than £40,000 a year, on the 18th August, 1864, public notice was given that the Border Duties would be collected on the 19th September following, and on that day (19th September, 1864) the Customhouse officers began to collect. Between that date and the end of the year 1864—three months and eleven days—the actual collections amounted to £3,600 15s. 7d., this sum being so small in consequence of the very large quantity of goods sent over from Victoria during the month which the liberality of this Government allowed to merchants and others for the purpose of making their arrangements. In the year 1865 the border duties ceased to be collected from the 1st May to the 27th June, in consequence of an arrangement which afterwards fell through. The amount actually collected for the year, less the one month and twenty-seven days during which there was no collection, was £32,765 4s. 3d. For this one month and twenty-seven days Victoria afterwards paid £6,800, thus making the whole payment for the year 1865 £39,565 4s. 3d. In the year 1866 the border duties realised £61,760 14s. 9d., and in January, 1867, they amounted to £4,976 4s. 11d. The sum therefore realised by this colony for those duties, from the 19th September, 1864, to the 1st February, 1867—being two years four months and eleven days—was £109,902 19s. 6d., the income of the last year (1866) being nearly £62,000.

On the 1st February, 1867, the arrangement came into operation by which, for five years, Victoria paid to New South Wales £60,000 a year, being nearly £2,000 a year less than the actual collections in 1866. Mr. Samuel opposed this arrangement, on the ground of the inadequacy of the sum of £60,000, which, he said, would during the next five years be "more than quadrupled." Mr. Macleay, in the same debate, while eulogizing the Government for making the best arrangement that could be made under the circumstances, hoped that we should be in a position "to make a better arrangement with Victoria when the agreement then in existence should expire."

Towards the close of last year no one doubted that a much larger sum than £60,000 a year ought to be paid by Victoria if the border duty arrangement were to be continued. In order to effect such an arrangement, two of my colleagues and myself went to Melbourne, and were at once met with the distinct assurance by Mr. Duffy and Mr. Berry that under no circumstances would Victoria pay more than £60,000. My colleague and I therefore saw that there was no prospect of an agreement, and we submitted to Mr. Duffy and Mr. Berry a memorandum in which this distinct refusal of theirs to pay more than £60,000 was set forth. To that statement they took no exception, but they afterwards proposed that the border duty arrangement should be extended for another year, and that during that year an account should be taken, which might serve as the basis of a new arrangement. This we declined to accede to, considering that we should have grossly betrayed the interests of this colony if we had consented to receive for the year 1872 a sum less by £2,000 than the actual collection for the year 1866.

Immediately after the conference was closed, and since Mr. Duffy has expressed a willingness to have accounts taken, and to pay what these accounts shall show this colony to be entitled to. We have declined to accept any sum less than £60,000, having no doubt whatever, and believing that no one else has any doubt whatever, that the amount of the duties payable to this colony, after deducting the duties payable to Victoria, will be much more than that sum. We have insisted on the payment of that sum at least, and as much more as the accounts will show to be our due, as we know that the amount cannot possibly be less. In this view the Assembly agreed with us, but the same Assembly afterwards, without rescinding its former vote, came to a different conclusion, and adopted the view of Mr. Duffy—that no sum should be fixed as a minimum, but that the amount to be paid to New South Wales should altogether depend upon the account.

From the decision of this Assembly, which thus within six weeks adopted two opposite and contradictory resolutions, and by the last of them played most unpatriotically into the hands of Victoria, we deemed it our duty to appeal to the constituencies. I am therefore now before you a candidate for re-election. By the imposition of the border duties, at my instance, on the 19th