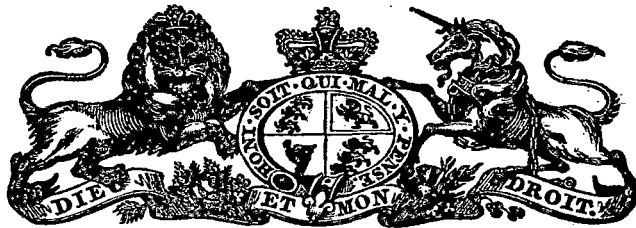


(No. 87.)



1879.

TASMANIA.

HOUSE OF ASSEMBLY.

POSTAL COMMUNICATION:

CORRESPONDENCE AND RETURNS.

Laid upon the Table by the Colonial Treasurer, and ordered by the House to be printed, January 23, 1880.



(CIRCULAR.)

Downing-street, 1st July, 1878.

SIR,

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.

I have the honor to be,

Sir,

Your most obedient humble Servant,

M. E. HICKS BEACH.

The Officer Administering the Government of Tasmania.

Copy.
8404
78

The Treasury to the Colonial Office.

Treasury Chambers, 23rd May, 1878.

SIR,

THE Lords Commissioners of Her Majesty's Treasury have had under their consideration Mr. Malcolm'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 H.M. 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 versa*, 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 correspondence, 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 of

February, 1880, the Imperial Post Office, instead of merely retaining, as at present, the British inland rate of one penny on outward letters, shall keep fourpence out of the postage of sixpence, on all letters sent from this country to the Australian Colonies and New Zealand, handing over to the Colonies the remaining twopence, the Colonies on their side retaining, as they do now, the whole of the postage of sixpence 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 am, &c.

(Signed) WILLIAM LAW.

Copy.

The Colonial Office to the Treasury.

Downing-street, 6th June, 1878.

SIR,

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.

I am, &c.

The Secretary of the Treasury.

(Signed) J. BRAMSTON.

Copy.
9521
78

The Treasury to the Colonial Office.

Treasury Chambers, 15th June, 1878.

SIR,

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.

I am, &c.

R. G. W. HERBERT, *Esq.*, Colonial Office.

(Signed) WILLIAM LAW.

(Copy.)

*Lord JOHN MANNERS to Lords of the Treasury.**General Post Office, 10th December, 1877.*

MY LORDS,

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 H. M. 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 Lordship's predecessors stated very decidedly in a letter to the Colonial Office, dated the 21st August, 1873, that H. M. 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 *viâ* 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 four shillings per pound for letters, and fourpence per pound 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 six cents to one franc per pound.

Under the scheme sanctioned in 1873, the Mother Country retains its inland rate—one penny 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 *viâ* 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 *viâ* 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.

I have, &c.,

(Signed)

JOHN MANNERS.

The Lords Commissioners of Her Majesty's Treasury.

LETTER from the Agent-General of New Zealand to the Secretary of State for the Colonies on the subject of the proposed Postal Changes.

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

SIR,

I HAVE the honor to acknowledge the receipt of your despatch of the 5th 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 recommendations 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 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, recognising 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 recognised 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 recognise 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 recognise 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. 1st—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. 2nd—That the "mother country is in a much less favourable position than she was in 1873 when the arrangement was made." 3rd—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 recognised 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 four shillings per pound for letters, and fourpence per pound 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 pound the total payment, including that for the Australian and New Zealand letters, leaves a saving to the country of over fifty thousand pounds as compared with the payment in 1873. The payment up to 1876 was only £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 pound, 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 pound was made under which, including the Australian Mails, a saving of over two hundred thousand pounds 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 pound." 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 one franc a pound: the rate is two francs per kilogramme, which is some ten per cent. less than one franc a pound; and on the other hand, the rate for letters has been reduced. The old rate was sixty cents. per lb. on letters, now reduced to fifty-two decimal five, and was six cents. on printed matter, now increased to (17·5) seventeen decimal five. I have before me a statement of the weights of six Mails in 1876—the aggregate was as follows:—6291 lbs. of letters—39,488 lbs. 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 £3600. 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 £3600, 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 thirty-three thousand pounds of postage more than they keep at present, and the sole excuse for it is some four thousand pounds 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 £7124, and this represents one-half the former proportion, so that there is a saving in the Atlantic service of £7124 against an increase of £3600 on the land transit service. Even supposing, which I strenuously object to, it was held that, notwithstanding the saving of cost, the £7124 represented an extra payment, and that it should be added to the £3600, 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 for New Zealand.*

*The Secretary of State for the Colonies,
Colonial Office.*

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, mentioned in the margin, 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 of February, 1880, the Imperial Post Office shall receive fourpence instead of a penny—as hitherto retained—out of the sixpence 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 San Francisco. 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 May, 1873, to the Colonial Office, from the Treasury, says:—“We have determined to carry mails to and from Galle, Singapore, and 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 a 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 the then existing contract, so long as the

contract of the Indian 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 versa*, free of all charge to the colonies, on the colonies, in combination, providing an efficient line of packets fitted at Point de Galle and whatever port or ports in Australia the colonies may themselves consider most expedient, and *vice versa*; 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 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 labor 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, "take 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 versa*, 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 Colonies 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, that the payment on the letters is very much more economical for this country, than payment by a subsidy *eo 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 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 proposal for the consideration of the Agent-General. However 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 of Victoria.*

8, *Victoria Chambers, Westminster, 31st July, 1878.*

The Agent-General for New South Wales to the Secretary of State for the Colonies.

3, *Westminster Chambers, Victoria-street, S.W., 12th August, 1878.*

SIR,

PURSUANT to instructions, in terms of the telegram from the Government of New South Wales, dated Sydney, 7th instant, of which a copy is appended hereto (No. 18), and with special reference to Mr. Herbert's letter of the 5th ultimo, transmitting for my information a copy of a circular despatch, with enclosures, which you had addressed to the Governors of the Australian Colonies with reference to certain proposed changes in the division between the imperial and the colonial post offices of the postages on correspondence between the Australasian Colonies and this country, I have the honor, on behalf of the Government and Colony of New South Wales, to protest against the alteration in the distribution of the postal revenues as proposed in the letter and communication above referred to, and also to express my hope that you may be able to obtain from Her Majesty's Government a reconsideration, and, if possible, a reversal, of the course indicated in the proposed alteration.

2. I am glad to understand, from the terms in which the proposal is conveyed, and especially from the circumstance of its being expressly initiated as a communication from the Lords Commissioners of the Treasury, that apparently Her Majesty's Government have not yet arrived at an absolute decision in the matter, but that the alteration is suggested rather as a course which Her Majesty's Government might possibly think fit to take in dealing with the ocean postal service between Great Britain and the Colonies at the close of an existing contract, yet which Her Majesty's Government would not desire to take without due warning to, and opportunity for consideration by and remonstrance from, all parties concerned. It is, therefore, of course, still open to me, pursuant to my instructions, and in fulfilment of the duties of my office, as well as for any other of the parties directly or indirectly concerned, to submit for your information and consideration whatever suggestions or objections they may have to offer in opposition to the proposal in question.

3. I have, accordingly, the honor to submit:—1st, that the proposed alteration, in fact, amounts to a practical withdrawal on the part of Her Majesty's Government from the general arrangement for ocean steam postal services between Great Britain and the colonies, such as the colonies and other parties to such arrangement had no reason to contemplate; 2nd, that the course indicated by the proposed alteration is inconsistent with the principles involved in the existing arrangement, as well as of such arrangements generally, and which have been virtually assented to and recognised by Her Majesty's Government on entering into such arrangements; and, 3rd, that it is not only unfair to the colonies, but calculated to be injurious to their interests and to those of the empire generally.

4. (1st.) As the proposed alteration now stands in their lordships' communication, taking into consideration and making due allowance for the progressive reduction in the cost of carriage of letters and packages, both by land and sea, as an element in future calculations, there are good grounds for anticipating that in a year or two Her Majesty's Government would, under the proposed alteration, all else remaining as it is, be actually drawing a surplus revenue. I prefer, however, not allowing myself to suppose that any idea so unworthy of, or inconsistent with, imperial policy and functions, as that of making a profit out of such a transaction and drawing a surplus revenue for Great Britain from her imperial connection with her dependent colonies, could for a moment have been entertained or contemplated by Her Majesty's Ministers in proposing such an alteration. I content myself, therefore, with stating the obvious fact, that, to say the least, the result of the proposed alteration will be to fully reimburse the Imperial Treasury for her expenses under the existing arrangement, other things remaining as before. This appears to me, as I have already above suggested, to amount to nothing more or less than a practical withdrawal of Her Majesty's Government, not only from the existing arrangement, but from all such arrangements in future, for ocean steam postal services between Great Britain and the colonies. Indeed it is not easy to conceive how, in proposing such an alteration, either the Lords of the Treasury or Her Majesty's Government can imagine themselves to be parties to such an arrangement at all, or to intend retaining, or to retain, any mutuality in the ocean steam postal services. If Great Britain insist on either making a profit or on reimbursing herself for her expenses out of the proceeds or revenues of these services, might not the colonies as well carry on the services for themselves from both ends without imperial assistance or co-operation, except, perhaps, that merely nominal assent which would consist simply in not objecting or throwing obstacles in the way—a sort of co-operation which could not be refused, but which would be of very little substantial value, and for which, therefore, the colonies could have no reason to be grateful? This sort of co-operation is always readily obtained from Foreign Governments, and might easily be obtained from the Government of the United States. And, after all, if pecuniary assistance or contribution be withheld, what benefit are the colonies to derive from, or what does Her Majesty's Government expect to confer by, the assistance or co-operation of the mother country in such undertakings.

5. (2nd.) It seems to me still more manifest that the proposed alteration is utterly inconsistent with the principles involved in the existing arrangements for ocean steam postal services, and which were virtually assented to and recognised by Her Majesty's Government, from the very fact of their having entered into

such arrangements. These arrangements were never instituted or entered into with any expectation or intention that they would or could be either profitable or self-supporting. They obviously and necessarily, in their very inception, implied mutual sacrifices on the part of all and every one of the parties concerned; sacrifices which were understood and freely accepted by the colonies and Great Britain, for the benefit, not only of themselves, but of the empire at large, and which were supposed to be equally so understood and accepted by Her Majesty's Government, not, certainly, for the benefit of any single colony or locality, much less of Great Britain herself considered as an individual section and component part of the empire. Indeed, from the imperial position held by Great Britain, it was always supposed that she was prepared to undergo a proportionate, if not a greater sacrifice, than was required from the other parties—proportionate not only to her share of the benefits, but to the duties that position appeared to impose upon her as trustee and guardian of general interests. It is plain that, by insisting on complete reimbursement for her expenses, she abandons those principles, descends from the high standard of policy she has hitherto maintained in the matter of ocean steam postal services, and abrogates *pro tanto* her imperial position and functions, in the spirit rather of a trader who refuses to engage in an undertaking or investment until he has, if not assured himself of profit, at least secured himself against the risk of pecuniary loss, than of an imperial trustee and guardian of great national and general interests.

6. (3rd.) If the above views be correct, it seems easily and necessarily to follow that the proposed alteration is unfair to the other parties concerned in the existing arrangements for ocean steam postal services, and that it must operate injuriously to the interests of the colonies and of the empire generally. That some understanding of the sort of principles, such as I have assumed to have been mutually assented to and recognised by the parties to existing arrangements, must have been present to the minds of all those parties when these arrangements were made, is shown by the very reservation, in favour of Great Britain, apparently relied upon by their lordships as a legal or technical means of escape from the moral liabilities of, what, it cannot be denied, are virtual and mutual engagements. No doubt Her Majesty's Government have legally and technically the right to withdraw from and to insist on an alteration of the terms of existing arrangements in their own favour. But how do they possess this right? They possess it by the confidence placed in them by the other parties concerned, that is to say, by the colonies who submitted to place this reservation in the hands of Her Majesty's Government considered as imperial trustee and guardian of national as well as of general rights, certainly not to be used as a means of driving a hard bargain with, and forcing the other parties to agree to another and totally different arrangement, injurious to the latter and advantageous for the former, and wholly at variance with the spirit and principles of the original arrangement. Another proof of the same general understanding, and of the confidence thereby reposed in Her Majesty's Government by the other parties concerned, is to be found in the course taken by all or many of those other parties, in extending the original arrangements over longer periods, and in the formation of collateral contracts which are evident corollaries, as it were, of the original arrangement. By these contracts New South Wales and New Zealand are bound, and must continue to be bound, for many years to come. Of course if the Imperial Government insist upon full reimbursement for their expenses, a heavier and disproportionate loss and burden will fall upon those colonies which, relying upon the recognition by the Imperial Government of the spirit and principles already above adverted to, have involved themselves in engagements which, equally with their original one, may be fairly assumed to be for the benefit of the empire generally.

7. I can scarcely find language to express the deep disappointment and alarm with which this proposal of the Imperial Government, involving, as I have endeavoured to show, such pernicious consequences, and such injustice to other portions of the empire, will be viewed by the Government and Colony of New South Wales. That their feelings will be shared by other Governments and colonies similarly situated may be reasonably assumed. In short, the shock of the proposed alteration will be felt throughout the empire. And, though, doubtless, the sentiments of affection and attachment to the mother country are capable of the severest trials, yet I cannot but fear that persistence in the policy of the sort involved in the proposal under consideration must eventually put an extreme and dangerous strain even upon the notorious loyalty of British Colonies.

8. I enclose herewith printed copies of the correspondence on this subject which has passed through this office up to the present date, and I have the honor to invite your special consideration of the following parts thereof:—

(1.) My letter of the 18th ultimo to the Chief Secretary of New South Wales, with enclosed memoranda by Sir Daniel Cooper, Bart.—to whom, in compliance with the request contained in Mr. Herbert's letter of the 5th ultimo, the correspondence therewith transmitted was communicated—and by Captain Jopp, R.E., Secretary of this agency. (Nos. 9, 10, and 11.)

(2.) My letter of the 2nd instant to the Chief Secretary of New South Wales. (No. 16.)

These letters and memoranda explain the course which I have thought it my duty to take in this matter, and embody, moreover, certain facts and arguments which may be taken in connection with the remarks which I have now the honor to submit. I may add, that this communication is only apparently at variance with the instructions in the telegram of the 7th instant from my Government—to the effect that I am to take such steps as may seem to me desirable in conjunction with the Agent-General for New Zealand—inasmuch as Sir Julius Vogel and the other Agents-General had already taken a similar course by communicating with you, whereas in the first instance I thought it better to wait for full instructions and authority from my Government. I am of course now prepared, pursuant to the instructions of that telegram, to act in conjunction with Sir Julius Vogel, and I desire to express my concurrence in the steps taken by him and the other Agents-General to the extent of those instructions.

9. In further pursuance of my instructions, I shall now, if it be your pleasure to receive me, be happy to wait upon you at any time that you may appoint for a personal interview.

10. I regret, in conclusion, that the Chief Secretary's telegram of the 7th instant speaks of the matter at issue as a "decision of the Colonial Office." I am not aware what has led in the colony to this inference, which you will observe from the correspondence is not borne out by any communication from this office, nor is it in accordance with the views entertained by myself or expressed in this letter.

I have, &c.,

WILLIAM FORSTER.

*The Right Honorable the Secretary of State for the Colonies,
Colonial Office, Downing-street.*

The Agent-General of New South Wales to the Chief Secretary of the Colony.

Via Brindisi and Melbourne, 30. 8. 78. }
S. 181. 78. }

London, 3, Westminster Chambers, Victoria-street, S.W., 30th August, 1878.

SIR,

I HAVE the honor to report an interview which was kindly granted to me by the Secretary of State for the Colonies on Saturday, the 17th instant, with reference to the question of the alteration proposed by Her Majesty's Government in the arrangements for the Ocean Steam Postal Service between Great Britain and the colonies. Having asked permission, I was accompanied by the Agent-General for New Zealand, and by Captain A. A. Jopp, R.E., Secretary to this office. I addressed Sir Michael Hicks Beach to the following effect:—I began by thanking him for his courtesy to myself and to the Government I had the honor to represent, in granting this interview. I hoped that there would be no necessity to apologise for having inflicted two interviews upon him, as probably the consideration upon which I had acted would commend themselves to his approval, namely, my desire to wait until I should have fuller instructions and authority. This interview would afford me an opportunity of expressing my opinion upon the proposed alteration, or, in other words, of protesting against it. I took it for granted that Her Majesty's Government would be prepared for combined objections from all the colonies concerned, and would have anticipated that the Agents-General would concur in some sort of protest. Sir Michael Hicks Beach was probably aware that the Agents-General had differed only upon one not very material point, namely, whether or not we should wait for instructions before communicating with Her Majesty's Government. We had all telegraphed for instructions. The other Agents-General had thought it better not to wait for instructions. I thought it better to wait. But in all other respects, and upon the general merits of the question, I fully concurred with all the other Agents-General had done, and desired to supplement their protests by my own. It was accordingly unnecessary for me to take up his time by attempting to recapitulate the objections that had been urged and arguments offered against the proposed alterations. I might, however, say that I had no doubt whatever that the proposal would be received in New South Wales with the utmost dissatisfaction and disappointment; and would be regarded as an abandonment of, and departure from, the principles involved in the arrangements for ocean steam postal services; and, in fact, an abnegation of those principles. I hoped it was not intended by Her Majesty's Government to draw any distinction between the Suez and San Francisco services, which perhaps at present stood on a somewhat different footing, inasmuch as it was absolutely necessary for Her Majesty's Government to carry on postal communication as far as Galle. But we thought, looking at the establishment of a colony at Fiji, and the possible extension of the empire in the Pacific, that in a very short time the cases would be similar; and that accordingly we trusted Her Majesty's Government would not decide on giving up their connection with the advantageous arrangement with the Pacific Mail Steamship Company, which had worked so well hitherto. There was this advantage at least in the delay which had taken place, that we now met Her Majesty's Government after they had had an opportunity of further consideration, and after having heard the objections and arguments urged against the proposal from abler advocates and champions of colonial interests than I could pretend to be. I should therefore be most happy to be authorised by Sir Michael Hicks Beach to convey to the Government of New South Wales the information that Her Majesty's Government had, on reconsideration, seen fit to modify their views, and that possibly some arrangement might be made which would obviate the objections urged against the proposed alterations. I concluded by repeating my thanks.

Sir Michael Hicks Beach replied, to the effect, that he regretted that he could not give the definite reply which I wished him to give, but that I might consider myself fully authorised to state that the proposal had not been in any way intended as a decision of Her Majesty's Government, but as a matter for discussion, and especially with a view to elicit the opinions of the several Governments and colonies concerned. Sir Michael Hicks Beach here made special reference to an expression of opinion in my letter to himself, which he was pleased to say correctly conveyed the views of Her Majesty's Government upon this point. He himself had not yet fully considered the matter. He even admitted that the arguments advanced by the Treasury in favour of the proposal were as yet insufficient, but he expected that the case would be yet more fully stated from that quarter. That for the present he could only undertake to forward my letters, &c., to the Treasury, as had already been done with the communications previously submitted by the other Agents-General. That no definite action would be taken, nor decision definitely arrived at, until all the Colonial Governments concerned had replied to the communications sent to them from the Colonial Office on the subject, and that therefore he did not see that anything further could be done for at least the next two months. That the question had been opened now in consequence of the near approach of the time when it would be necessary to consider the arrangements for the India and China mail subsidy.

Sir Michael Hicks Beach added, that he would be glad if the colonies were disabused of the impression which apparently existed as to the "decision." What Sir Michael Hicks Beach understood the Treasury to aim at was, that the cost of these services should be more evenly distributed, and that as the colonies increased in importance and in wealth, they should relieve the mother country, to some extent, of the burdens which she had hitherto borne on their behalf, just as a parent expected to be relieved when his children grew older and became able to do more for themselves; and he should like it to be understood that he also shared this view of the relative responsibilities of mother country and colonies, and that he hoped that the colonies would bear this in mind in considering the question.

Sir Julius Vogel explained why he was present on this occasion. Having been informed by Mr. Forster that he was to be admitted to an interview with Sir Michael Hicks Beach, and being aware that Mr. Forster had been instructed to co-operate with himself, he (Sir Julius Vogel) had—in compliance with a suggestion made by Mr. Forster—considered it his duty to attend on the present occasion. He could not admit that a heavier burden was borne by the colonies than by the mother country in this matter of postal services, the fact being quite the other way. He did not agree with Mr. Forster that we had a worse case than the other colonies. I explained that I had not said so. Then Sir Julius Vogel endeavoured to impress upon Sir Michael Hicks Beach the necessity of coming to a speedy decision.

Upon this point Sir Michael Hicks Beach differed. He could see no advantage in not waiting. It was desirable to obtain an expression of opinion from all the Colonial Governments before a decision could be arrived at.

Captain Jopp enforced the case in favour of New South Wales and New Zealand, by reference to calculations of the cost as compared with revenue receipts, and suggested that it was not a share only of the burden, but the entire excess of outlay over income, which, by the new proposal, the Imperial Government appeared to be desirous of imposing on the colonies, in respect of the San Francisco service.

The Secretary of State appeared willing to admit that such an arrangement would not be in accordance with the views he held, and remarked that probably it might be fair that mother country and colonies should bear in equal proportion the losses on the service, taken throughout between England and Australia.

I stated that upon Sir Michael Hicks Beach's view of a half-and-half division of expenses, it would appear that the colonies engaged in the San Francisco service had a better case than the other colonies, inasmuch as the cost of this service was greater on the colonial side than in the case of the Suez route.

Some further conversation ensued, much to the same effect as above, after which the interview terminated.

I consider this interview very important, inasmuch as it leaves the question at issue in a more satisfactory state than before, with reference both to colonial interests, and the intentions of Her Majesty's Government. It has, moreover, clearly confirmed the correctness of my judgment upon two points, upon which there was a slight difference of opinion between myself and Sir Julius Vogel, to the effect, namely:—

1. That the proposals of Her Majesty's Government were never intended as an absolute decision, but rather to elicit discussion, and an expression of opinion, from the several Governments and colonies concerned.

And 2. That any immediate action on the part of the Agents-General was neither necessary nor desirable, and not by any means desired by the Secretary of State for the Colonies.

It was suggested by Sir Julius Vogel, that Sir Archibald Michie should be requested to call an early meeting of the Agents-General, in order to communicate to them what had transpired. But this suggestion proved impracticable, in consequence of Sir Archibald Michie's being about to leave London. I, therefore, thought it advisable to despatch to you the following telegram (No. 27):—

"Interview August 17th, Secretary State, Vogel, Forster, Jopp. Postal alterations merely proposed, not decided. Government will await opinion from all colonies before decision."

I have, &c.

JOHN FORSTER.

The Hon. the Chief Secretary, Sydney, N. S. Wales.

*Colonial Secretary's Office, Sydney, New South Wales,
14th October, 1878.*

SIR,

I HAVE the honor, at the request of my colleague the Postmaster-General, to transmit to you for the information of your Government, a copy of a Minute of that Minister's concerning the proposed alteration of the arrangements between the Imperial and Colonial Governments for the division of postages on Australasian mails.

I have, &c.

M. FITZPATRICK.

*The Hon. the Colonial Secretary of Tasmania,
Hobart Town.*

FORWARDED to the Hon. the Colonial Treasurer.

B. TRAVERS SOLLY.
22 Oct., '78.

MINUTE of Postmaster-General concerning proposed alteration of the arrangements between the Imperial and Colonial Governments for the division of Postages on Australasian Mails.

General Post Office, Sydney, 24th September, 1878.

It appears that, although the Agents-General for the Colonies of Australia and New Zealand have jointly protested against the proposed increase in the amount retainable by the Imperial Post Office out of its receipts on mail matter for transmission by the several services, the Colonial Office still looks for an expression of opinion on the subject direct from the Government of each Colony. I do not know that the case for the Colonies can be put more forcibly than has already been done for them by the Agents-General, but there are reasons other than those which have been advanced, which, in my opinion, should induce the Imperial Government to refrain from adopting the proposed change.

The proposal made by Lord Kimberley, in 1873, to convey the mails to and from Galle, Singapore, and San Francisco free of charge, and to account to the respective Colonies for the postage on the outward mails, less the British inland rate, was naturally regarded as the outcome of the deliberations of his Cabinet on the obligations of the Mother Country in reference to mail communication with her Colonies.

The attention of the English Government had been specially directed to this question by the then approaching termination of the contract for the Suez service, and also by the dissension which had arisen respecting the Ocean mail services at the Intercolonial Conference held at Sydney, in January, 1873, about which communications had passed between Lord Kimberley and the Colonial Governments. Indeed, all the circumstances could but confirm this impression. Under the arrangement which was then drawing to a close, the English Government had borne one-half of the whole cost of the Australian and New Zealand mails; and when the question of future arrangements was brought under its notice, it proposed to relieve the Colonies of the entire cost of conveying the mails between Galle and England, and to divide equally with them the expense of the service between Galle and Australia, which no doubt would have been a better arrangement financially considered for the Colonies.

It would be somewhat irrelevant to my purpose to advert in this minute to the causes which led to that proposal falling through. It is sufficient for me to point out that the agreement of 1873, as was shown by Mr. Postmaster-General Monsell, in his letter to the Lords of the Treasury of the 15th May of that year, entailed a smaller charge on the Imperial funds than the one which it superseded, or the one which had been rejected, would have involved; and that as there was nothing in the language in which it was proposed, nor in any subsequent communication from the Colonial Office, suggestive of the idea that it was contemplated to treat the Colonies less liberally from the time of its expiration in 1878, the Colonial Governments were justified in relying upon the continuance of no less support towards the maintenance of their Ocean services than was then freely and unreservedly conceded.

In view of that agreement, the Government of Victoria entered into a fresh contract for the Suez service. The Governments of New South Wales and New Zealand jointly established the Pacific service, and the Government of Queensland established the Torres Straits service. The contract for the Suez service, which leaves a charge on the revenue of Victoria of about £17,000 per annum after deducting all the receipts for postages, and taking into account the allowances of the English Government, will not expire till February, 1880. The contract for the Pacific service, which leaves an annual charge of about £22,000 on the revenue of New South Wales, and of £17,000 on the revenue of New Zealand, will not expire till November, 1883. In like manner, the contract for the Torres Straits service, which leaves an annual charge on the revenue of Queensland of about £13,000, will not expire till the 31st October, 1880.

I submit, then, that the proposal now made that the English postal authorities should, after this year, retain four-sixths instead of one-sixth of the outward postages on letters for transmission by the Australian and New Zealand mails, contemplates so great a reversal of the policy which has hitherto been pursued in relation to postal matters, as to be in some measure unjust to the Colonies which have contracted liabilities for Ocean mail services for periods beyond this year.

J. F. BURNS.

Colonial Treasury, Hobart Town, 19th October, 1878.

MEMO.

Will the Honorable the Colonial Secretary be good enough to communicate with the Governments of Victoria and South Australia with a view to obtain official information of what steps they have respectively taken with regard to the Circular Despatch of Sir Michael Hicks Beach, dated 1st July last, having reference to a change proposed to be made by the Imperial Government as to the division of the postage on correspondence passing between England and the Colonies? It would

be desirable further to ascertain whether any intimation has been received from the Imperial Authorities as to their willingness to continue the present arrangements beyond the close of this year, pending the result of negotiations between the Colonies and the Home Government.

It is obvious that the interests of Tasmania in the European Mail Service are so much bound up with those of the Colonies of Victoria and South Australia, that it is desirable this Government should act in concert with the Governments of the Colonies last named.

W. R. GIBLIN, *Colonial Treasurer.*

The Honorable the Colonial Secretary.

Colonial Secretary's Office, Hobart Town, 22nd October, 1878.

SIR,

As it is desirable that, as far as practicable, the Government of Tasmania should act in concert with your Government, and that of South Australia, in matters connected with the postal service between the Australian Colonies and Great Britain, I have the honor to request, on behalf of my Colleague the Colonial Treasurer, that you would be good enough to inform me what steps your Government have taken with regard to the Circular Despatch from Sir Michael Hicks Beach, dated the 1st July last, having reference to a change proposed to be made by the Imperial Government as to the division of the postage on correspondence passing between England and the Colonies.

I should also be glad to learn whether any intimation has been received from the Imperial Authorities as to their willingness to continue the present arrangement beyond the close of this year, pending the result of negotiations between the Colonies and the Home Government.

I have, &c.

WM. MOORE.

The Hon. the Chief Secretary, Victoria.

SIMILAR to South Australia.

MEMO. for His Excellency the Governor.

IN returning to His Excellency the Governor the Circular Despatch of 1st July, 1878, from the Right Hon. the Secretary of State for the Colonies, Mr. Giblin desires to express the regret of Ministers that the Lords Commissioners of the Treasury should think it desirable to make a change; at the expiration of the current year, 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 England should be divisible between the Imperial and Colonial Post Offices. The proposed change would be detrimental to the interests of all the Colonies, but would press with peculiar severity on Tasmania, as the least populous and least wealthy of the Australian Colonies, excepting Western Australia. Moreover, from the insular position of the Colony Tasmania has, in addition to her contribution to the English Mail Service, to provide at her sole expense a relatively costly branch service from Melbourne to Tasmania, which makes the cost of postal communication between the Colony and the United Kingdom very heavy.

Ministers do not think it necessary to add to the many and weighty representations which have already been addressed to the Imperial Government by the Agents-General in London of the larger Colonies interested, and also by the Postmaster-Generals of the Colonies by Memoranda forwarded to the Right Honorable the Secretary of State through the respective Governors.

Ministers simply desire to add to these representations their firm but respectful protest against the proposed change as a reversal of the liberal policy hitherto pursued by the Imperial Government to these communities, and as a sudden alteration calculated to work injustice to the several Colonies which have already undertaken liabilities for branch contracts and other like services, which extend beyond the period indicated by the Imperial Authorities as that at which they desire the division to come into operation; and they trust that the exceptional position and circumstances of Tasmania will lead to special consideration being shown to this Colony in reviewing the proposed arrangement.

W. R. GIBLIN.

Colonial Treasury, 26th October, 1878.

No. 5348.

Victoria,
Chief Secretary's Office, Melbourne, 11th November, 1878.

SIR,

I HAVE the honor to acknowledge the receipt of your letter of the 22nd ultimo with reference to the change proposed by the Imperial Government in the division of the postage on correspondence between England and the Colonies.

The views of this Government are strongly adverse to the change, and were officially communicated to the Agent-General in a Despatch sent by the mail of the 4th ult., in which Sir Archibald Michie was requested, in co-operation with the other Agents-General, to reiterate in the strongest manner the protests they had previously put forward.

It is hoped that upon a review of the case, and the further representations now made, the Imperial Government will see reason to abandon its intention.

I have &c.

GRAHAM BERRY.

The Honorable the Colonial Secretary, Tasmania.

FORWARDED to the Honorable the Colonial Treasurer.

WM. MOORE,
15 Nov. '78.

*Post Office and Telegraph Department,
General Post Office, Adelaide, 19th February, 1879.*

Letter from Agent-General re proposal of Imperial Government for re-arrangement of Postages.

RETURNED to the Hon. the Minister of Education. I have carefully read the printed correspondence forwarded to me, including the letters of the Agents-General for Victoria, New Zealand, and New South Wales.

I do not think anything can be added to the forcible reasons advanced by those gentlemen against the proposal of the British Post Office to reduce the payments to these colonies on account of the mail services, and it is satisfactory to note that the representations made have at least been so far successful as to induce the Imperial Government to consent to the existing system remaining in force during the current year, which I understand will be confirmed by despatches to arrive by the next incoming mail. In the meantime it is, however, most necessary and desirable that the several Colonial Governments should support the action of the Agents-General, either jointly or individually, by a unanimous expression of opinion against the change contemplated; and with this view I respectfully submit the following remarks for the consideration of Government.

Prior to the year 1874 the mails were carried by the Imperial Government, the colonies paying half the cost of the Cis-Indian service between Galle and Sydney, and a proportionate contribution towards the subsidy payable for the conveyance of the India, China, and Australian mails between Galle and Great Britain.

On the expiration of the contract in 1873 the colonies were left to arrange for the Australian services, and the Imperial Government offered to carry the mails free between Great Britain and Galle, and to contribute half the cost, or a sum not exceeding £40,000, for the conveyance of the mails between Galle and Australia, and for the branch mails to New Zealand, &c. This fell through owing to the difference of opinion as to the colonial terminus, and the existing arrangement was then entered into for a period of five years, ending in December, 1878, in accordance with which the Imperial Government undertook to carry the mails between Great Britain and Galle, Great Britain and San Francisco, and Great Britain and Singapore free, the colonies to provide at their own cost for the services severally connecting with those places; but, in consideration of their doing this, it was agreed that the postages collected in the United Kingdom should accrue to the Colonies respectively interested after deducting the inland rate of one penny and the transit rates paid to France and Italy on correspondence *via* Brindisi. We have thus collected until now between four pence and five pence on every half-ounce letter posted in the United Kingdom.

As intimated in Lord John Manners's letter of the 10th December, 1877, to the Lords of the Treasury, it was no doubt distinctly stipulated that this arrangement was only binding for a period of five years, and therefore terminated by effluxion of time at the end of last year. It is, however, understood that the Home Government have since consented to its extension during the current year, or possibly till the expiration of the contract with the Peninsular and Oriental Company in February, 1880. It is now proposed that the United Kingdom shall retain two-thirds of the postages instead of one-sixth. The only reason assigned for this is, that the mother country is put to greater cost for the transmission of the Australian mails *via* California, the United State Post Office having increased the transit rates for land carriage between New York and San Francisco of newspapers, printed papers, and patterns included in the Australian mails from six cents to one franc per lb.; and the fixed subsidies to the Cunard and Inman Companies having been

discontinued, the Home Government has now to pay four shillings per lb. for letters and fourpence per lb. for printed papers and packets, for the conveyance of the Australian and all other mails between Queenstown and New York.

This, no doubt, would be a very good argument in favour of a change being made in the distribution of cost so far as the mails *via* San Francisco are concerned, although in view of the relative positions of the mother country and the colonies, the policy of a less liberal appointment is open to question; but why it should necessitate a readjustment of the cost of the mail service *via* Galle I am, I must confess, quite at a loss to understand. The Home Government have just entered into a fresh contract with the Peninsular and Oriental Company for the India and China Mails for a term of eight years on, I believe, most favourable terms. The carriage of the Australian mails to and from Aden, or Galle, and Singapore will therefore cost little or nothing, and the operation of the Berne Postal Union has, I presume, lessened the transit rates through France and Italy—at all events, it has not increased them.

With regard to the Californian route, it has been shown that the Imperial Government has actually effected a large saving by discontinuing the fixed subsidy hitherto paid for the mails between Queenstown and New York, the payments being reduced from £105,000 under the old system in 1876, to £52,000 under the new in 1878, when payment by weight came into force, whilst the increased territorial transit rate between New York and San Francisco appears to add only some £3500 or £4000 yearly to the cost of the Australian mails. Of course, by the present mode of payment by weight the British postal authorities are better able to determine the exact amount chargeable on account of the mails to these colonies, but the figures I have quoted at least go to show that the expense has not been materially, if at all increased; and if therefore the proposition of 1873—made after careful consideration—was fair and reasonable then, it is fair and reasonable now. There is nothing in the circumstances of the colonies to justify the Lords of the Treasury demanding more favourable terms. The trade with the Australian colonies has increased, and the correspondence has, of course, expanded in the same or a still larger ratio. It is quite clear to me that until His Excellency Sir George Bowen's despatch in 1877 drew attention to the subject there was no idea on the part of the Home Government to impose harder terms upon us; for, in answer to a question put by me in my minute to Lord Carnarvon's circular of April 1, 1876, in which I ask whether in the event of this colony joining the Berne Postal Union, the British Post Office would still continue to account to the colonies for postages collected in the United Kingdom on the existing basis, Lord John Manners, on March 5th, 1877, replied:—"As to the question whether the mail service would be continued on its present footing, I apprehend that it will not be the desire of the Imperial Government to make any alteration in the arrangements during the period for which they were entered into. In such a case this department would continue to account to the Australian Colonies for the postages collected in the United Kingdom on letters, &c., for the colonies, less the British inland rates and the supplementary postage charged for the purpose of covering the special payments due for the conveyance of the mails through France and Italy."

Now, as must have been seen, the object of my enquiry, as it affected the question of our joining the Union, was to ascertain not whether the existing system would have force during the short remaining portion of the term for which it was entered into. I did not doubt that—but whether it would be continued for a more extended period—and the answer gives no warning or intimation of any change, especially of so great a change as that now proposed; and yet we find that in December of the same year Lord John Manners feels himself unable to recommend extending the arrangement until the 1st February, 1880.

In arriving at the decision now conveyed to us, the cost of the mail services to these colonies has not, I think, been fully realised by the British Post Office.

As the Government are aware, there are three distinct mail services connecting the Australian Colonies with Great Britain—

- (1.) Melbourne and Galle, under the Victorian Government, the contract for which expires on February 1, 1880; cost, £90,000 per annum.
- (2.) Sydney and San Francisco, *via* New Zealand, which expires in November, 1883; cost, £72,500 per annum.
- (3.) Brisbane and Singapore, *via* Torres Straits, which expires on October 31, 1880; cost, £20,000.

The net annual cost to the several colonies, after allowing for postages collected, recoupments from Great Britain, &c., is approximately as follows:—

	£
Victoria	17,000
New South Wales	22,000
New Zealand	17,000
Queensland	13,000
South Australia	13,000
Tasmania and Western Australia, say	5,000
Total net annual cost to colonies	<u>£87,000</u>

I need hardly say, if the payments by Great Britain are to be reduced in the proportion now proposed, it will add very seriously to our already heavy postal burdens, and tend to check those improvements in our mail service in which the mother country is equally interested with ourselves, and which, therefore, she should encourage with all the ample means at her disposal.

CHARLES TODD, *Postmaster-General and Superintendent of Telegraphs.*

(CIRCULAR.)

Downing-street, January 17, 1879.

SIR,

REFERRING to my Circular Despatch of the 1st of July last, respecting the proportion to be retained by Her Majesty's Government in England of the Postage receipts on correspondence passing between this Country and the Australian Colonies, I have now the honor to inform you that the Lords Commissioners of the Treasury have, at my suggestion, consented to allow the existing arrangements to continue until the 1st of February, 1880, when the Imperial contract with the Peninsular and Oriental Company expires; so that during the interval the whole question of the Mail Service between this Country and the Colonies may be fully discussed and arrangements made as to the terms upon which it is to be conducted in future.

The concession which is thus made in the interest of the Colonies will, I feel satisfied, be fully appreciated by your Government, and I trust that they will readily co-operate with Her Majesty's Government in the endeavour to arrive at a satisfactory and permanent settlement of the whole question.

I should remind you that before 1873 the cost of the Australian Service was divided equally between the Colonies and the Mother Country; the Colonies, in conjunction with India, paying their share of the Service as far as Point de Galle, and half of the cost of the Service between Ceylon and Sydney, which Port was then the terminus of the Peninsular and Oriental Company's steamers conveying the Mails.

The various Colonies being dissatisfied with the manner in which the Peninsular and Oriental Company performed the Service between Point de Galle and Sydney, the Imperial Post Office, in deference to their representations, gave notice to the Company to terminate the Contract for such Service, and the Contract consequently expired at the end of the year 1872.

By a letter from the Treasury, dated the 14th August, 1872, an offer was made through this Office on the part of the Imperial Government to convey the Australian Mails between this Country and Point de Galle free of all cost to the Colonies, and to contribute one half of the expense of a Service once every four weeks between Point de Galle and any Port in the Colonies they themselves might select; such contribution, however, to be limited to £40,000 a year, the Colonies, in combination, providing their own Packet Service between Point de Galle and Australia.

It was also represented that the Imperial Government would be disposed to contribute towards a second Service, provided it was alternative with the other, *i.e.*, that there should be sufficient interval between the arrival or departure of the steamers for the purpose of correspondence, and as the Treasury had been informed that it was the intention of Queensland to establish a line of Packets between Brisbane and Singapore, *via* Torres Straits, the Treasury letter also contained an offer to convey the Queensland Mails between England and Singapore free of all charge, but expressly declined, on the part of the Imperial Government, to contribute towards the expense of the Packet Service between Singapore and Queensland.

This offer was followed by a Conference held at Melbourne between delegates from the different Colonies, and the result of such Conference was that owing to the rivalry of Victoria and New South Wales, particularly with reference to the question as to whether Melbourne or Sydney should be the Port for the arrival and departure of the Mails, the Colonies were unable to come to any unanimous conclusion. The offer made by the Treasury on the part of the Imperial Government, therefore, fell to the ground. Victoria thereupon made a contract itself with the Peninsular and Oriental Company for the conveyance of Mails between Point de Galle and Melbourne; Queensland a contract for a Service between Brisbane and Singapore; New South Wales and New Zealand for one with San Francisco; and the Treasury on behalf of the Imperial Government agreed to carry the Mails which might go by the Galle and Melbourne Route, free of charge, between this Country and Galle; those that might be sent by the Singapore and Brisbane Route, free of charge, between England and Singapore; and those Mails which might be sent by the New South Wales, New Zealand, and San Francisco Route, free of charge, between England and San Francisco.

The Treasury likewise agreed that besides having these Mails carried free of charge between this Country and Point de Galle, Singapore, and San Francisco, the Colonies should, in consideration of their providing their own Packet Service between those ports and Australia, &c., receive the whole of the postage on the Mails conveyed, excepting only the British inland rate on the correspondence sent from the United Kingdom, and the Foreign transit rates paid by the Imperial Post Office on such portion of the correspondence as might be sent, or received, in the Mails *via* Brindisi.

It was, however, distinctly stipulated that, so far as the Imperial Government was concerned, the arrangement above adverted to should only last for a period of five years, which has now expired. The Treasury, in 1873, decidedly refused to entertain the question of the extension of such arrangements beyond such period; and it was clearly the intention of Her Majesty's Government at that

time, that the question of the division of postage between the Imperial and Colonial Post Offices should be reconsidered before any fresh arrangements were come to at the end of such five years.

The offer made by Her Majesty's Government in 1872 contemplated only a Service to the Australian Colonies *via* Point de Galle, towards which the Imperial Post Office would contribute, but that offer fell through owing to the differences of opinion as to the terminal port entertained by Victoria and New South Wales. And Her Majesty's Government, in again approaching the subject, are compelled to look upon the Postal Services with the Australian Colonies, &c., as a whole, for I have to draw your attention to the fact that the Colonies, by adopting separate Services, have entailed upon the Imperial Government a cost greatly in excess of what it would otherwise have been called upon to provide.

It appears from calculations made by direction of the Postmaster-General that, under the present arrangement, the charge to the Imperial Government is as follows:—

	£
Eastern Sea Service	58,000
Egyptian Land Transit	1700
Atlantic Sea Service	9600
United States Land Transit	15,700
	<hr/>
	£85,000
	<hr/>

The Lords of the Treasury are unable to approve of so large an expenditure in future, feeling that it is more than is required for the conveyance of the Mails in an efficient and adequate manner, and that this multiplicity of Services and the consequently enhanced cost does in fact result from the inability of the Colonies to agree amongst themselves upon any one route for the carriage of their Mails. And the time being at hand when the existing arrangements would expire, their Lordships did not find themselves in a position to prolong those arrangements as desired by the Colony of Victoria, except upon terms which would tend to relieve the Imperial Exchequer, and they resolved, as a simple and fair proposal, that the General Post Office should receive 4*d.* on each letter instead of the present inland postage.

The proposal will not be insisted on during the current year, but in opening fresh negotiations on the Mail Service I must point out to you that it is the duty of Her Majesty's Government to deal with the subject with due regard to the interests of the British Public who are not concerned in the maintenance of separate Services for the convenience or pleasure of the several Colonies; and if it be desired to continue the Services now in existence, viz., Melbourne-Galle, Brisbane-Singapore, and Sydney-San Francisco, or even to start an additional line, as appears to be contemplated in South Australia, it is only reasonable that the cost of maintaining them should be borne by the Colonies, and not by the Mother Country, which has no voice in the selection of these routes, or in the contracts under which they are worked.

I have therefore to request you to lay this Despatch without delay before your Ministers, and to inform me whether any negotiations are in progress, or any arrangements made for the carriage of Mails after the 1st of February, 1880, from the Colony under your Government to any place on the homeward route; and I shall be glad if the Agent-General for your Colony, or some other person, can be instructed and fully empowered to conduct the subsequent negotiations upon this subject with Her Majesty's Government, and to conclude whatever agreements may be arrived at.

I have, &c.

M. E. HICKS BEACH.

The Officer administering the Government of Tasmania.

FORWARDED to the Honorable the Colonial Treasurer.

WILLIAM LODK. CROWTHER,
For the Honorable Colonial Secretary, absent.
13th March, '79.

WILL the Secretary of the Post Office read the accompanying Circular Despatch from the Secretary of State on the subject of postal communication with Great Britain, and favour the Colonial Treasurer with his remarks thereon on a separate sheet of paper?

D. LEWIS.
29. 3. 79.

Tasmania,
General Post Office, Hobart Town, 30th April, 1879.

SIR,

I HAVE carefully read the annexed Circular Despatch, of the 17th January last, from Sir M. E. Hicks Beach to His Excellency the Governor, reviewing matters in connection with the

arrangements of the Australian Postal Service with the United Kingdom since the year 1873 to the present time, and intimating that a late proposal for the Imperial Government to retain fourpence (4d.) upon each letter—instead of one penny (1d.) as at present—dispatched from the United Kingdom will not be insisted upon, but that during the current year the existing arrangements will continue in force.

Under the present system this Colony receives from the London Post Office about Fifteen hundred pounds (£1500) per annum as the postage upon letters from the United Kingdom to this Colony, less the inland rate; consequently, if the sum of fourpence were retained instead of one penny, the loss to this Colony would be about Nine hundred pounds per annum, which would bring up the cost of postal communication with the United Kingdom to a very heavy amount, and inflict a great hardship upon this Colony, inasmuch as it has no voice in either of the postal contracts (three) now in force between Australia, New Zealand, and the United Kingdom, and is in no way responsible for the extra expenses incurred by the Imperial Government, as stated in the Despatch, on account of the multiplicity of mail services.

There is no doubt that the Melbourne, Galle, and Suez Mail Service is the one that is of the greatest advantage to this Colony; and although correspondence is sent by the other routes, Sydney and San Francisco, Brisbane and Singapore, little benefit is derived from them; and, in the event of a fortnightly service between Melbourne, Galle, and London, there would be no occasion to use any other means of postal communication with England.

There cannot be any objection, in my opinion, to acceding to the desire of Sir M. E. Hicks Beach for the Agent-General of this Colony to be instructed and fully empowered to conduct negotiations with H. M. Government and to conclude whatever arrangements may be arrived at on the subject of the Despatch in question. The Agent-General to be instructed to act in conjunction with the Agents-General of the other Australian Colonies.

I have the honor to be,
Sir,

Your most obedient Servant,

A. C. DOUGLAS, *Secretary.*

The Hon. the Colonial Treasurer.

TELEGRAM.

Melbourne, 28th April, 1879.

MR. Berry has interviewed the Lords of the Treasury, who have consented to reduce the demand of the Imperial share of postage from fourpence to twopence. The Victorian Government have instructed Mr. Berry to accept tender of Peninsular and Oriental Company for fortnightly service.

BRYAN O'LOGHLEN, *Acting Chief Secretary.*

To Chief Secretary of Tasmania.

TELEGRAM.

Hobart Town, 3rd May, 1879.

WHEN do the British Government commence to take twopence on letters, and when do you propose to begin the fortnightly service?

D. LEWIS, *Colonial Treasurer.*

Chief Secretary, Melbourne.

TELEGRAM.

Melbourne, 6th May, 1879.

OUR new contract with P. & O. Company will commence 1st February, 1880, and we have every reason to suppose that the deduction of twopence by Imperial Government will take effect on and after same date.

BRYAN O'LOGHLEN.

Hon. Colonial Secretary.

(CIRCULAR.)

Downing-street 17th May, 1879.

SIR,

I INFORMED you by my telegram of the 13th instant that the Lords Commissioners of the Treasury would continue the present arrangement for the carriage of the Australian Mails, but after the 1st of February next would retain twopence instead of a penny on the outward

correspondence; and I have now the honor to transmit to you, for the information of your Government, a copy of a letter in which I caused their Lordships' decision to be communicated to the Agents-General, and to Mr. Graham Berry, as the representative of the Government of Victoria, who was then in this country.

I have the honor to be,

Sir,

Your most obedient humble Servant,

M. E. HICKS BEACH.

The Officer Administering the Government of Tasmania.

The Colonial Office to Mr. GRAHAM BERRY and the Agents-General for the Australasian Colonies.

COPY.

Downing-street, 29th April, 1879.

SIR,

WITH reference to previous correspondence respecting the Australian postal question, I am directed by the Secretary of State for the Colonies to inform you that he has received a letter from the Lords Commissioners of the Treasury, intimating that on being informed by [Mr. Berry] [you] that [he] [you] had reason to believe that a fresh contract might be made with the Peninsular and Oriental Company for a fortnightly service both to Melbourne and Sydney, touching at King George's Sound and South Australia, on terms which would be advantageous as compared with the existing rate, they are prepared, under such circumstances, so far to modify their previous decision on the subject as to agree that the Australian Mails shall, as at present, be conveyed free of charge to the Colonies between this Country and Point de Galle or Colombo (in the event of the latter port being made the port of call for Ceylon), on the condition that the Imperial Post Office shall, after the 1st of February next, when the present arrangement will expire, receive two-pence in lieu of one penny as at present on the outward correspondence, which may be considered as equivalent to the inland rate on both the homeward and the outward correspondence.

This arrangement would, of course, apply equally to the correspondence conveyed under other contracts *via* Singapore and San Francisco.

I am, &c.,

(Signed) R. G. W. HERBERT.

*The Honble. GRAHAM BERRY and
the Agents-General for the Australasian Colonies.*

(CIRCULAR.)

Downing-street, 4th June, 1879.

SIR,

WITH reference to my Circular Despatch of the 17th of May, I have the honor to transmit to you, for the information of your Government, copy of the Draft of a Contract which is about to be entered into between the Government of Victoria and the Peninsular and Oriental Steam Navigation Company, for a Fortnightly Mail Service between Ceylon and Melbourne.*

Although Her Majesty's Government are not parties to the Contract, I may observe that the provision which it makes for the conveyance of the Mails of the Colonies of Western Australia and South Australia appears to be adequate, and to justify the liberal terms conceded by Her Majesty's Government in regard to the postage receipts.

I have the honor to be,

Sir,

Your most obedient humble Servant,

M. E. HICKS BEACH.

The Officer Administering the Government of Tasmania.

* Copy of the Contract as signed and agreed to is inserted instead of the Draft enclosed with this Despatch of 4th June, 1879.

POSTAL CONTRACT.

Articles of Agreement made this second day of August, One thousand eight hundred and seventy-nine, between the Honorable James Brown Patterson, as Her Majesty the Queen's Postmaster-General of the Colony of Victoria, and for and on behalf of Her Majesty's Government of the said Colony of Victoria, of the one part, and the Peninsular and Oriental Steam Navigation Company, hereinafter called "the Company," of the other part.

WITNESS that the Company for themselves and their successors hereby covenant with the said Postmaster-General and his successors, Her Majesty's Postmasters-General for the Colony of Victoria for the time being; and the said Postmaster-General, for and on behalf of Her Majesty's Government of the said Colony, doth hereby covenant with the Company in manner following (that is to say):—

1. That the Company will at all times during the continuance of this Agreement, or so long as the whole or any part of the services hereby agreed to be performed ought to be performed in pursuance hereof, provide, keep seaworthy, and in complete repair and readiness, for the purpose of conveying, as hereinafter provided, all Her Majesty's Mails (in which term "Mails," used throughout this Agreement, all boxes, bags, or packets of letters, newspapers, books, or printed papers, and all other articles transmissible by the post, without regard either to the place to which they may be addressed or to that in which they may have originated, and all empty bags, empty boxes, and other stores and articles used or to be used in carrying on the Post Office Service which shall be sent by or to or from the Post Office, are agreed to be comprehended) which shall at any time and from time to time by the Postmaster-General or any of his officers or agents be required to be conveyed, as hereinafter provided, between Melbourne, in Victoria, and Point de Galle, or Colombo as hereinafter provided, in Ceylon, by way of and calling at King George's Sound, in the Colony of Western Australia, and also, by way of and calling at Glenelg, in the Province of South Australia, or at the option of the Postmaster-General at the Semaphore in the same province, a sufficient number of good, substantial and efficient steam vessels of adequate power, and supplied with first-rate appropriate steam engines.

Company to provide steam vessels to convey Mails between Point de Galle or Colombo and Melbourne via King George's Sound and Glenelg.

2. Every vessel carrying Mails under this agreement shall, on entering or leaving Port Phillip Bay, in Victoria, weather permitting, stop to deliver or to receive alongside the vessel the Geelong Mails, and such other Mails as the Postmaster-General may direct at Queenscliff, the time occupied in such stoppage not to be reckoned in the running time of the voyage.

To stop at Queens-cliff.

3. That the vessels to be employed under this agreement shall be always furnished with all necessary and proper machinery, engines, apparel, furniture, stores, tackle, boats, fuel, lamps, oil, tallow, provisions, anchors, cables, fire-pumps, and other proper means of extinguishing fire, lightning conductors, charts, chronometers, nautical instruments, and whatsoever else may be requisite for equipping the said vessels and rendering them constantly efficient for the service hereby agreed to be performed, and also manned and provided with competent officers with appropriate certificates, granted pursuant to the Act or Acts of the Imperial Parliament of Great Britain and Ireland in force for the time being relative to the granting of certificates to officers in the Merchant Service, with a competent surgeon, and with a sufficient number of efficient engineers and a sufficient crew of able seamen and other men, to be in all respects, as to vessels, engines, equipment, officers, engineers, and crew, subject in the first instance and from time to time and at all times afterwards to the approval of the Postmaster-General or of such person or persons as he shall at any time or times or from time to time authorise to inspect and examine the same.

Vessel to be equipped and manned, and subject to approval.

4. The Company shall at their own cost provide on each of the vessels to be employed under this agreement, a separate and convenient room, for the convenient and secure deposit of the Mails, under lock and key, and shall also at the like cost (if and when they shall be required so to do by the said Postmaster-General) erect and provide on each of such vessels employed under this Agreement, a separate and convenient room for sorting and making up the said Mails, and shall provide in such room all such furniture, lamps, fittings, and other conveniences, as shall be necessary or convenient for the purpose of sorting and making up the said Mails; and all such furniture, lamps, fittings, and other conveniences, shall be from time to time cleansed and kept in repair, and the oil for the lamps supplied by the servants, and at the cost of the Company, and the services of the crew of every such vessel shall from time to time be given in the conveyance of the Mails between the mail room and the sorting room. The Company shall also, if required by the Postmaster-General so to do, convey free of cost on such parts of the voyage as he may direct, one or two Mail Agents, to be berthed and messaged as first-class passengers. The duties of such Mail Agent or Mail Agents shall be to take charge of and sort the Mails, and he or they shall have no power of control over the Commander of the vessel conveying the said Mails.

As to mail and sorting rooms.

Times of starting.

5. That one of such vessels so approved, equipped and manned as aforesaid shall, once in every fourteen days and on such days and at such hours as shall be fixed by the Postmaster-General upon or after the day hereinafter appointed for the commencement of this Agreement (until and unless any other days or hours shall, under the proviso herein in that behalf contained be substituted instead thereof), and immediately after the Mails are embarked, put to sea from the ports of Melbourne and Point de Galle, or Colombo as the case may be, respectively, and the Company shall convey in such vessels to and from and cause to be delivered and received at such of the ports or places hereinbefore mentioned all such Mails as shall or may be tendered or delivered to or received by the Company or any of their agents, officers, or servants by or from or under the direction of the Postmaster-General or any of his officers or agents.

Power to alter time.

6. That if at any time or times the Postmaster-General shall desire to alter the particular days, times, or hours of departure from and arrival at any of the ports or places to or from which Mails are to be conveyed under this Agreement, he shall be at liberty so to do on giving three calendar months' previous notice in writing of such his desire to the Company, and the Company shall observe, perform, fulfil and keep such altered days, times, and hours.

Postmaster-General may delay starting for twenty-four hours.

7. That should it be deemed by the Postmaster-General requisite for the public service that any vessel to be employed under this Agreement should at any time or times delay her departure from any port from which the Mails are to be conveyed under this Agreement beyond the period appointed for her departure therefrom, the Postmaster-General, his officers or agents, shall have power to order such delay (not however exceeding twenty-four hours), by letter or telegram addressed by him or them to the master of any such vessel or person acting as such, and which shall be deemed a sufficient authority for such detention; and the said Postmaster-General, his officers or agents, shall have power, to be exercised in writing as aforesaid, to delay the departure of any vessel employed under this Agreement, from Point de Galle or Colombo, as the case may be, until the Mails from England are placed on board.

Duration of voyages, Point de Galle or Colombo to Melbourne.

8. All Mails conveyed by the Company in pursuance of this Agreement from Point de Galle or Colombo, as hereinafter provided, to Melbourne shall be conveyed by way of King George's Sound and also by way of Glenelg or the Semaphore, as the Postmaster-General may direct, and the voyage from Point de Galle, or Colombo as the case may be, to Melbourne shall be completed in four hundred and fifty-six hours inclusive of the stoppages at King George's Sound and Glenelg or the Semaphore, which stoppages shall not together exceed twenty-four hours.

Melbourne to Point de Galle or Colombo.

9. All Mails conveyed by the Company in pursuance of this Agreement from Melbourne to Point de Galle or Colombo, as the case may be, shall be conveyed by way of Glenelg or the Semaphore as the Postmaster-General may direct, and also by way of King George's Sound, and the voyage from Melbourne to Point de Galle or Colombo shall be completed in four hundred and fifty-six hours inclusive of the stoppages at Glenelg or the Semaphore and King George's Sound, which stoppages shall not together exceed twenty-four hours.

Penalties.

10. The Company further agree that, so long as Her Majesty's Mails are conveyed from Brindisi to Point de Galle or Colombo, under the provisions of the Contract of the seventh day of February, One thousand eight hundred and seventy-nine, the Company will convey the Mails from Brindisi to Melbourne in eight hundred and ninety-five hours, inclusive of stoppages, and from Melbourne to Brindisi in nine hundred and ten hours, inclusive of stoppages, except during the prevalence of the South-West Monsoon, when forty-eight hours additional shall be allowed for the conveyance of the Mails from Melbourne to Brindisi. And if the Company shall fail to convey the said Mails from Brindisi to Melbourne, and from Melbourne to Brindisi, in the periods respectively above stipulated, then in every such case, and so often as the same shall happen, the Company shall forfeit and pay to Her Majesty, Her heirs and successors, the sum of One hundred pounds for every complete period of twenty-four hours consumed on the respective voyages, beyond the periods hereinbefore respectively specified: Provided always that the full amount of such sums payable on any one voyage shall never exceed the portion of the sum of the subsidy hereinafter agreed to be paid by the Postmaster-General as applicable to such voyage; and provided further that the payment of any such sum shall not be enforced against the Company if it be shown by them to the satisfaction of the Postmaster-General that the delay has arisen from causes over which they had not and could not have had any control.

Premium for time saved.

11. The Postmaster-General doth hereby agree to pay to the Company a premium of Fifty pounds for every complete period of twenty-four hours by which the time occupied in the conveyance of the Mails from Brindisi to Melbourne and from Melbourne to Brindisi shall be less than the times stipulated in Clause 10.

Alternative provisions as to penalties.

12. Should the Postmaster-General desire so to do he may, by notice in writing under his hand to be given at any time before the first day of February, One thousand

eight hundred and eighty, substitute for the stipulation in Clause 10 as to penalties the following stipulation, that is to say—That if the Company shall fail to convey the said Mails from Point de Galle or Colombo as the case may be to Melbourne in four hundred and fifty-six hours, or from Melbourne to Point de Galle or Colombo as the case may be in four hundred and fifty-six hours under the conditions specified in Clauses 8 and 9, then in any of such cases, and so often as the same shall happen, the Company shall forfeit and pay to Her Majesty, Her heirs and successors, the sum of One hundred pounds for every complete period of twenty-four hours consumed on the respective voyages, beyond the periods hereinbefore respectively specified: Provided always that the full amount of such sums payable on any one voyage shall never exceed the portion of the sum of the subsidy hereinafter agreed to be paid by the Postmaster-General as applicable to such voyage; and provided further that the payment of any such sum shall not be enforced against the Company if it be shown by them to the satisfaction of the Postmaster-General that the delay has arisen from causes over which they had not and could not have had any control.

And in case the Postmaster-General shall decide to adopt the system of penalties specified in this clause, then and in that case there shall be substituted for the stipulation in Clause 11 as to premiums, the following stipulation, that is to say, that the Postmaster-General shall pay to the Company a premium of Fifty pounds for every complete period of twenty-four hours by which the time occupied in the conveyance of the Mails from Point de Galle or Colombo to Melbourne, and from Melbourne to Point de Galle or Colombo, shall be less than the time stipulated in Clauses 8 and 9 respectively.

In computing the time occupied from Point de Galle or Colombo to Melbourne or *vice versa* five hours shall be allowed for difference of longitude on the voyage from Point de Galle or Colombo to Melbourne, and the same shall be deducted on the voyage from Melbourne to Point de Galle or Colombo.

13. That if the Company fail to provide an efficient vessel at Point de Galle or Colombo, as the case may be, or Melbourne in accordance with the terms of this Agreement, ready to put to sea on and at the appointed day and hour, then and so often as the same shall happen the Company shall forfeit and pay unto Her Majesty, Her Heirs and Successors, the sum of Five hundred pounds, and also the further sum of One hundred pounds for every successive twenty-four hours which shall elapse until such vessel actually proceeds to sea on her voyage in the performance of this Agreement: Provided always that the aggregate amount of the penalties to be recoverable under this clause in respect of any one voyage or contemplated voyage shall not exceed by more than the sum of Two thousand pounds the proportion of the subsidy hereinafter agreed to be paid by the Postmaster-General as applicable to such voyage.

Penalties for failing to provide vessels.

14. That during the continuance of this Agreement the commanders of the vessels to be employed for the time being in carrying the Mails under this Agreement shall take due care of, and the Company shall be responsible for, the receipt, safe custody and delivery of the said Mails, and each of such masters or commanders shall make such oath or declaration or declarations now lawfully required or which may hereafter be lawfully required by the Postmaster-General in such and similar cases, and furnish such journals, returns, and information to and perform such services as the Postmaster-General may require: And every such master or commander or officer duly authorized by him having the charge of Mails shall himself immediately on the arrival at any of the said ports or places of any such vessel, deliver all Mails for such port or place into the hands of the Postmaster or other person at such port or place as the Postmaster-General shall authorize to receive the same, receiving in like manner all the return or other Mails to be forwarded in due course.

Masters of vessels to take charge of Mails.

15. That the Company shall not, nor shall any of the masters of any of the vessels employed or to be employed under this Agreement, receive or permit to be received on board any of the vessels carrying the Mails under this Agreement any letters for conveyance other than those carried under this Agreement in charge of the said commander or other person authorized to have charge of the said Mails, or which are or may be privileged by law, nor shall any Mails be conveyed by the Company between Point de Galle or Colombo, as the case may be, and any of the Australasian Colonies or New Zealand, for or on behalf of any colony, province, or foreign country, save those carried under this Agreement, without the consent in writing of the Postmaster-General, and the whole postage of every mail conveyed between the places herein mentioned shall, under all circumstances, be at the disposal of the Postmaster-General.

No letters to be received on board but Her Majesty's Mails.

16. So long as Point de Galle continues to be the Port in the island of Ceylon to and from which the Mails are conveyed under the Contract between the Imperial Government and the Company, the Company's steamers employed under this present Agreement shall run to and from Point de Galle, but as soon as Colombo shall have been substituted for Point de Galle as the Port of Call under the Imperial Contract, the Company's steamers employed under this Agreement shall run to and from Colombo, instead of Point de Galle.

Substitution of Colombo for Point de Galle.

Postmaster-General
may survey vessels.

17. That the Postmaster-General shall have full power whenever and as often as he may deem it requisite, to survey by any of his officers or agents all or any of the vessels employed and to be employed in the performance of this Agreement and hulls thereof; and the engines, machinery, furniture, tackle, apparel, stores, equipments, and the officers, engineers, and crew of every such vessel, and any defect or deficiency that may be discovered on any such survey, shall be forthwith repaired or supplied by the Company; and if any of such vessels or any part thereof, or any engines, machinery, furniture, tackle, apparel, boats, stores, or equipments shall on any such survey be declared by any of such officers or agents unseaworthy or not adapted to the service hereby agreed to be performed, every vessel which shall be disapproved of or in which such deficiency or defect shall appear shall be deemed insufficient for any service hereby agreed to be performed, and shall not be again employed in the conveyance of Mails until such defect or deficiency has been repaired or supplied to the satisfaction of the Postmaster-General.

Orders as to the
landing, &c., of Mails
to be attended to.

18. That the Company and all commanding and other officers of the vessels employed in the performance of this Agreement, and all agents, seamen, and servants of the Company shall at all times punctually attend to the orders and directions of the Postmaster-General, his officers or agents, as to the mode, time, and place of landing, delivering, and receiving Mails.

Penalties to be con-
sidered as ascertained
damages, and may be
retained by the Post-
master-General.

19. That all and every the sums of money hereby stipulated to be forfeited or paid by the Company unto Her Majesty, Her heirs and successors, shall be considered as stipulated or ascertained damages, whether any damage or loss have or have not been sustained, and shall and may be retained and deducted by the Postmaster-General out of any moneys payable or which may thereafter become payable to the Company.

Subsidy.

20. And in consideration of the due and faithful performance by the said Company of all the services hereby agreed to be by them performed, the said Postmaster-General doth hereby agree that there shall be paid at Melbourne to the said Company by Her Majesty's Government of Victoria, so long as the Company perform the voyages and services herein contracted to be performed, a sum of money after the rate of Eighty-five thousand pounds per annum (£85,000), in equal quarterly payments on the first day of April, the first day of July, the first day of October, and the first day of January in each year, and shall accrue due from day to day; and the said payments shall be received by the said Company as full compensation for all costs and expenses which they may incur or be put unto by reason or on account of all and singular the services hereby contracted to be performed, subject however to the abatement or deduction of any sums of money in respect of forfeitures which the said Company may have incurred, or to the addition of any sums in respect of premiums as the case may be, as herein provided.

Contractors to have
no claim to postage
except as herein pro-
vided.

21. The Contractors shall have no claim to any postage nor to any payment on account thereof for Mails carried under this contract except as herein provided.

Commencement and
duration of contract.

22. That this agreement shall commence on and from the First day of February, One thousand eight hundred and eighty, and shall continue until the thirty-first day of January, One thousand eight hundred and eighty-eight, and shall then determine if the Postmaster-General shall by writing under his hand have given to the Company, or if the Company shall have given to the Postmaster-General, twenty-four calendar months' notice, that this Agreement shall so determine; but if neither the Postmaster-General nor the Company shall give any such notice, this agreement shall continue in force after the said thirty-first day of January, One thousand eight hundred and eighty-eight, until the expiration of a twenty-four calendar months' notice in writing as aforesaid, which may be given by either of the said parties hereto to the other of them, and which last-mentioned notice may be given on or at any time after the 31st day of January 1886. This Agreement shall then determine accordingly, without prejudice nevertheless to any right of action or other proceeding which shall then have accrued to either party for any breach thereof.

Penalties for failing
to commence service
on 1st February, 1880.

23. And it is hereby further agreed that in case the Company shall fail to commence the performance of the services herein agreed to be by them performed on the first day of February, One thousand eight hundred and eighty, or the first day thereafter which the Postmaster-General may fix as the day of sailing, then and in such case the Company shall forfeit and pay unto Her Majesty, Her heirs and successors, the sum of Five hundred pounds, and also the further sum of One hundred Pounds for every successive period of twenty-four hours which shall elapse until the actual and *bonâ fide* commencement of the performance by the Company of the services herein agreed to be by them performed: Provided always that the total amount of the penalties to be incurred by the said Company by reason of such failures as aforesaid respectively shall not exceed the sum of Fifteen thousand pounds.

On determination,
voyages begun to be
completed.

24. That if on the determination of this Agreement any vessel or vessels should have started or should start with the Mails, in conformity with this Agreement, such voyage or voyages shall be continued and performed and the Mails be delivered and

received during the same as if this Agreement had remained in force with regard to any, such vessels and services; and with respect to such vessels and services as last aforesaid this Agreement shall be considered as having terminated when such vessels and services shall have reached their port or place of destination and been performed.

25. It shall be lawful for the Postmaster-General, by writing under his hand, at any time and from time to time to delegate any of the powers vested in him by virtue of this Agreement to such person or persons as he may think fit. Postmaster-General may delegate powers.

26. The Company shall not convey in any vessel employed by them in pursuance of this Agreement any nitro-glycerine or any other article which shall have been legally declared specially dangerous either in England or Victoria. Company not to convey dangerous articles.

27. The Company shall undertake for themselves all arrangements relative to quarantine. Quarantine.

28. That all notices or directions which the Postmaster-General, his officers, agents, or others, are hereby authorized to give to the Company, their officers, servants, or agents, other than any notice of termination of this contract, may, at the option of the Postmaster-General, either be delivered to the master of any of the said vessels or other officer or agent of the Company in the charge or management of any vessel employed in the performance of this Agreement, or left for the Company at their office or house of business in Melbourne, or at their or any of their last known places of business or abode in Melbourne; and any notices or directions so given or left shall be binding on the Company: Provided always that any notice of termination of this contract shall be served on the Company, their officers, servants, or agents, at their office or last known office in Melbourne. As to notices.

29. The Company shall not assign, underlet, or dispose of this Agreement, or any part thereof, without the consent of the Postmaster-General, signified by writing under his hand. And in case of the same or any part thereof being assigned, underlet, or otherwise disposed of, or of any breach of clause fifteen of this Agreement, or of any great or habitual breach of this Agreement, or of any covenant, matter, or thing herein contained on the part of the Company, their officers, agents, or servants, and whether there be or be not any penalty or sum of money payable by the Company for any breach, it shall be lawful for the Postmaster-General, by writing under his hand, to determine this Agreement without any previous notice to the Company or their agents, and without any claim on the part of the Company to compensation. Company not to assign, &c.

30. If at any time during the continuance of this Agreement, or after the determination thereof, any dispute shall arise between the parties to these presents, or their successors respectively, concerning any breach or alleged breach by or on the part of the Company of this Agreement, or the sufficiency of any such breach to justify the Postmaster-General in putting an end to the same, or concerning any matters and things in anywise relating thereto, such dispute shall be referred to two arbitrators, one to be chosen from time to time by the Postmaster-General and the other by the Company; and if such arbitrators should at any time or times not agree on the matter or question referred to them, then such question in difference shall be referred by them to an umpire to be chosen by such arbitrators, before they proceed with the reference to them and the joint and concurrent award of the said arbitrators, or the separate award of the said umpire when the said arbitrators cannot agree, shall be binding and conclusive on both parties. Provided, that in case of either party failing to choose an arbitrator within two months after receipt of notice to arbitrate, or in case of the chosen arbitrators failing to choose an umpire within two months of their failure to agree, then the Chief Justice of the Colony of Victoria for the time being shall nominate an umpire, by writing under his hand, whose award shall be final and conclusive on all parties. And every such arbitration shall be held in Melbourne aforesaid. Arbitration.

31. Any submission to arbitration in pursuance of this Agreement shall be made a Rule of the Supreme Court of the Colony of Victoria, pursuant to the Statute in that case made and provided, on the application of either party. Any reference to be made a Rule of Court.

32. And for the due and faithful performance of all and singular the covenants, conditions, provisoes, clauses, articles, and agreements hereinbefore contained, and which on the part and behalf of the said Company, their officers, agents or servants are or ought to be observed, performed, fulfilled and kept, the said Company do hereby bind themselves and their successors unto Her Majesty in the sum of Fifteen thousand pounds sterling, to be paid to Her Majesty, Her heirs and successors, by way of stipulated or ascertained damages, hereby agreed upon between the Postmaster-General and the said Company, in case of the failure on the part of the Company in the execution of this Contract or any part thereof. Bond clause.

Interpretation.

33. The words "Postmaster-General" herein shall mean the Postmaster-General of the Colony of Victoria for the time being, or the Responsible Minister of the Crown for the time being administering the Post Office Department.

IN WITNESS whereof the said James Brown Patterson, Her Majesty's Postmaster-General of Victoria, has hereunto set his Hand and Seal, and the Company its Common Seal, the day and year first above written.

Signed, sealed, and delivered by
the above-named James Brown
Patterson, in the presence of—
R. A. SUTHERLAND,
Solr.,
Melbourne. } J. B. PATTERSON. (L.S.)

Signed, sealed, and delivered by the
Peninsular and Oriental Steam
Navigation Company, by its duly
constituted Agent and Attorney
in that behalf, Franklin Richard-
son Kendall, in the presence of—
R. A. SUTHERLAND. } The Peninsular and Oriental Steam Navigation Company, by
its Attorney—
FRANKLIN RICHARDSON KENDALL. (L.S.)

General Post Office, Adelaide, 19th June, 1879.

SIR,

A CONTRACT having now been entered into by the Victorian Government with the Peninsular and Oriental Company for a fortnightly mail service *viâ* Galle, for a period of eight years, commencing in February next, it is desirable that the method of apportioning the cost of the service should be revised, with a view to an adjustment of the contributions on a more equitable basis.

At present, as the Government are aware, the non-contracting colonies are charged certain transit rates, arbitrarily fixed, in the first instance, according to the weight of the different portions of the mails carried, viz.:—Letters, 1s. 7d. per oz.; packets, 1s. 6d. per lb.; newspapers, 6d. per lb.

These rates apply to all three routes (that is *viâ* Galle, San Francisco, and Torres Straits), and are levied on both outward and inward mails. When first proposed no objection could be raised to them, as they were not perhaps excessive, but fixed transit rates operate unfairly, inasmuch as the payments of the contributing colonies go on increasing with the growth of their correspondence, whilst the cost to the colony undertaking the service yearly diminishes, although its correspondence increases in the same ratio as the others. In fact, if the same rates are continued during the new contract the effect will be that Victoria will get her correspondence carried for nothing, if she does not make a profit out of the transaction. Even at the present time the cost of the mail service to South Australia is relatively much greater than it is to Victoria.

Thus I find the net cost to Victoria of her ocean mail service *viâ* Galle and Suez, in 1877, was only £15,073 13s. 9d., whilst the net cost to South Australia, with but little more than one-fourth the population (0·260), was nearly £10,000.

Cost to Victoria of Mail Service viâ Galle.

	Dr.	£	s.	d.	£	s.	d.
To amount of contract with Peninsular and Oriental Company	90,000	0	0				
Premiums earned for arrival in less than contract time.....	1500	0	0				
Landing and shipping Suez mails	179	0	0				
				91,679	0	0	
	Cr.	£	s.	d.	£	s.	d.
By amounts chargeable to other Governments on Peninsular and Oriental Company's contract—							
Great Britain.....	15,062	9	4				
New South Wales.....	10,012	17	2				
South Australia	17,906	17	8				
Tasmania	3709	2	10				
Queensland.....	1452	18	2				
Western Australia.....	2227	3	8				
New Zealand.....	8000	0	0				
Fiji	6	13	8				
				58,378	2	6	
Estimated amount to be paid by French Government	1000	0	0				
Estimated postages collected in Victoria.....	17,227	4	6				
				76,605	7	0	
Net cost of Galle service, 1877							£15,073 13 0

It appears that in 1877 the ocean mail service, *viâ* Galle, cost Victoria £6470 less than she paid under the old service prior to 1874; thus—

	£	s.	d.
Net cost under old contract	21,543	0	0
Net cost under present do., in 1877	15,073	0	0
Saving.....	£6470	0	0

In addition to this Victoria paid New South Wales and Queensland for

	£	s.	d.
Mails <i>viâ</i> San Francisco	3116	19	3
And Torres Straits	591	8	6
Total	£3708	7	9

The cost to South Australia of the mail service *via* Galle, in 1877, was as follows :—

	£	s.	d.
Paid to Victoria, 1877.....	17,906	17	7
Landing and embarking mails	1302	8	10
Total	19,209	6	5
	£	s.	d.
Less due from Great Britain	4410	19	5
Postages collected in South Australia (estimated)	5000	0	0
	9410	19	5
Approximate net cost Galle mails	9798	7	0

The other routes cost us—

Viâ SAN FRANCISCO.

	£	s.	d.	£	s.	d.
Paid New South Wales, transit rates	527	11	4			
Deduct due from Great Britain.....	54	14	1			
				472	17	3

Viâ TORRES STRAITS.

	£	s.	d.	£	s.	d.
Paid Queensland, transit rates (estimated)	20	0	0			
Deduct due from Great Britain	9	14	6			
				10	5	6
Total.....	£483	2	9			

	£	s.	d.
We paid Victoria in 1875.....	15,904	12	4
And in 1878	18,179	15	8
Increase in three years	£2275	3	4

The payments in 1878 would have been heavier but for the mails forwarded by the Orient steamers, by which means we received 3817 letters, 14 packets, and 4298 newspapers in 1878, and despatched 19,896 letters, 1223 packets, and 11,621 newspapers.

With fortnightly mails the correspondence will largely increase. If, therefore, Victoria maintains the existing transit rates, we should probably have to pay her £30,000 a year before the termination of the next contract. The correspondence of the other colonies will also extend, and New South Wales and New Zealand will, no doubt, avail themselves of the Galle route much more freely than they do now, so that it is not unreasonable to say that Victoria would get her mails carried for little or nothing.

As the colonies are so unequally interested in maintaining the three existing mail routes, and make use of them in such different proportions, a *pro ratâ* division of the cost of the entire ocean mail services on the basis of population would not meet the difficulty; thus I find, in 1877, the colonies used the several routes in the following proportions :—

NEW SOUTH WALES.

	Letters.	Packets.	Newspapers.
Suez and Galle	248,623=0.35	16,921=0.28	142,446=0.23
San Francisco	400,271=0.57	38,073=0.64	459,136=0.73
Torres Straits	59,458=0.08	4605=0.08	29,055=0.04
Total	708,352=1.00	59,599=1.00	630,637=1.00

QUEENSLAND.

	Letters.	Packets.	Newspapers.
Suez and Galle	13,924=0.10	308=0.10	8814=0.06
San Francisco	18,038=0.14	753=0.22	18,724=0.13
Torres Straits.....	101,226=0.76	2333=0.68	116,283=0.81
Total	133,188=1.00	3394=1.00	143,821=1.00

NEW ZEALAND.

	Letters.	Packets.	Newspapers.
Suez and Galle	152,367=0.18	25,329=0.21	132,508=0.10
San Francisco	176,853=0.82	95,847=0.79	1,167,093=0.90
Total	829,220=1.00	121,176=1.00	1,299,601=1.00

SOUTH AUSTRALIA.

	Letters.	Packets.	Newspapers.
Suez and Galle.....	331,503=0.967	55,503=0.979	375,763=0.941
San Francisco	10,772=0.031	1170=0.020	22,623=0.057
Torres Straits	509=0.002	23=0.001	881=0.002
Total	342,784=1.000	56,696=1.000	399,267=1.000

I have no return from Victoria of the amount of correspondence forwarded *via* San Francisco and Torres Straits; but the correspondence despatched and received *via* Suez and Galle, in 1877, was—

Letters	957,994
Packets	131,631
Newspapers.....	1,684,702

From this it would appear that in proportion to her population Victoria does not avail herself of the Suez route so largely for letters as South Australia, but sends and receives more newspapers. The proportions, taking Victoria as unity, are as follows:—

Population of South Australia (Victoria=1)	= 0.260
Letters “	= 0.346
Packets “	= 0.417
Newspapers “	= 0.223

Victoria, on the other hand, appears to use the Californian route more freely than we do, her payment to that service in 1877 being £3119 19s. 3d., while South Australia paid £527 11s. 4d., less £54 14s. 1d. due from Great Britain, or £473 17s. 3d. net.

Instead of the present fixed transit charges, which operate unfairly, or *pro ratâ* contributions on basis of population, which, as I have shown, would not meet the difficulty, the most equitable arrangement would be to divide the cost at the end of each year according to the actual weight of mails carried for each colony. As the weight of the mails will, on the average, be in proportion to the number of articles (letters, packets, and newspapers), we may from the postal returns of 1877 calculate approximately what the contributions of the several colonies towards the Galle service, under the new contract (£85,000) would probably be. The correspondence will, of course, increase, but the mails will maintain very nearly the same relative proportions, except, perhaps, that New South Wales and New Zealand, with more frequent communication, may make more use of the Galle route.

The correspondence *via* Galle in 1877 is shown in the following table:—

	Letters.	Packets.	Newspapers.	Total.
Victoria	957,994	131,631	1,684,702	2,774,327
New South Wales.....	248,623	16,921	142,446	407,990
South Australia.....	331,503	55,503	375,763	762,769
New Zealand	152,367	25,329	132,508	310,204
Queensland	13,924	308	8814	23,046
*Tasmania (assumed).....	126,371	18,339	201,925	346,635
*West Australia (assumed)	32,237	4678	51,512	88,427
	1,863,019	252,709	2,597,670	4,713,398

From the foregoing the subsidy of £85,000 would probably be apportioned somewhat as under:—

Victoria	85,000 × 0.588 =	£49,980
New South Wales	85,000 × 0.086 =	7310
South Australia	85,000 × 0.162 =	13,770
New Zealand	85,000 × 0.066 =	5610
Queensland	85,000 × 0.005 =	425
Tasmania	85,000 × 0.074 =	6290
West Australia	85,000 × 0.019 =	1615
Total subsidy		£85,000

In this calculation I assume that South Australia, under the new service, will not be expected to pay any special sum for the steamers calling at Glenelg. The contract clearly specifies that the steamers are to call at Glenelg or the Semaphore, and the extent of our correspondence and consequent payments towards the subsidy fully justifies the Government requiring the steamers to call, without our being subject to any exceptional payment for their so doing.

* NOTE.—In the absence of returns from Tasmania and Western Australia the amount of correspondence of those colonies has been deducted from the correspondence of Victoria and South Australia on the basis of population, that of Tasmania being 0.098, that of Victoria and South Australia together, and Western Australia 0.025. The sum of the correspondence of Victoria and South Australia multiplied by these two factors gives respectively the correspondence of Tasmania and Western Australia sufficiently near for the purpose of my argument.

I have not deemed it necessary or desirable to introduce distance as an element in the calculation, as I prefer to regard the service as a whole, in which, to the extent they severally avail themselves of it, the colonies are equally and mutually interested. Western Australia, for instance, whose mails are conveyed over the shortest distance, cannot complain of having to pay in the same ratio as Victoria and the other more distant colonies—*i.e.*, in proportion to the weight of her mails—because if it were not for the co-operation of her larger neighbours she would not have such a mail service at all.

I have, &c.

CHARLES TODD, *Postmaster-General and Superintendent of Telegraphs.*
The Honorable the Minister of Education.

Memo. for the Hon. Minister of Education.

WHILE in Melbourne this week I called on Mr. Berry, the Chief Secretary of Victoria, and requested him to state definitely what the Government of Victoria proposed to do with regard to the terms at which the mails for this colony were to be carried under the new contract.

Mr. Berry stated that he was not prepared to state exactly what the new terms would be, but he suggested the following as a fair basis to found negotiations upon:—

1. That South Australia should pay the same rate per pound for letters and papers that she pays under the present contract.
2. That with regard to the sum now paid for deviating by South Australia—£5000 a year—Mr. Berry thought that the Government of Victoria would be prepared to reduce this amount to a payment of £3000 a year by this colony.

I pointed out that I thought these terms were not fair to us, and that whatever was done with regard to the postage rate charged, the item for deviation was, under the circumstances, altogether indefensible. I shall be glad if the Hon. Minister will confer with the Postmaster-General, and report to me as early as possible on the whole case.

I may add that I pointed out to Mr. Berry that the loss to this colony was much greater than to Victoria on the English mail service, considering the populations of the two colonies.

W. MORGAN, C. S.
 1. 8. 79.

[*Report on above Memo.*]

It was in anticipation of this difficulty that in July of last year I ventured to suggest that in any new contract for the conveyance of mails between Australia and Galle this colony should be a party to the contract conjointly with Victoria, and failing that, in my letter of June 19th last (C 5392—79), in which I discussed the whole question very fully, I showed that the only fair arrangement would be for each colony making use of the service to contribute towards the cost in proportion to the amount or weight of mail matter they severally forward and receive. As a matter of convenience, it may be better that one colony should undertake the service, but it is contrary to the principles on which such mail services should be carried out that the colony which does undertake it should make a profit out of the transaction, at the expense of her neighbours. This principle actuated the Imperial Government prior to the present contract, when the cost was divided in fixed proportions, the Home Government paying one moiety of the cost of the mail service between Galle and Sydney.

In my letter of June 19th I showed that, whilst the net cost of the English mails to South Australia in 1877 was £9798 7s., the net cost to Victoria was only £15,073 13s., or £6470 less than she paid in 1873.

Last year (1878) I find the net cost was only £13,191 18s. 3d., or £1881 14s. 9d. less than the previous year, whilst the net cost to South Australia was over £10,000, the ratio of the population of the two colonies being about 1 to 0.260. This will show that if the same mode of settlement is to be maintained during the currency of the next contract, Victoria will, before its termination, get her mails carried for little or nothing, and may even make a profit, which would be manifestly unjust to the other colonies.

The following shows the payments in detail of the other colonies and Great Britain, &c., towards the Galle route, and the financial result to Victoria in 1877-8:—

	1877.			1878.		
	£	s.	d.	£	s.	d.
Great Britain.....	15,062	9	4	14,467	14	2
New South Wales.....	10,012	17	2	12,002	2	6
South Australia.....	17,906	17	8	18,174	16	8
Tasmania	3709	2	10	3883	12	8
Queensland	1452	18	2	1671	14	8
West Australia	2227	3	8	2293	11	2
New Zealand	8000	0	0	9247	1	2
Fiji.....		6	13	88	7	7

	£	s.	d.	£	s.	d.
France (estimated)	1000	0	0	1000	0	0
Postages collected in Victoria (estimated)	17,227	4	6	16,612	1	2
Total collections	£76,605	7	0	£79,441	1	9
Gross cost of service, including landing and embarking of mails	£91,679	0	0	£92,633	0	0
Net cost to Victoria	£15,073	13	0	£13,191	18	3

It will be seen, as might indeed be expected, that the payments, with the single exception of Great Britain, were larger in 1878 than in 1877, the increase in the case of New South Wales being nearly £2000. (£1989 15s. 4d.), or 20 per cent.; and, as I have before pointed out, with a fortnightly service both New South Wales and New Zealand will undoubtedly use the Galle route more freely than they do now, and thus *pro tanto* reduce the cost to Victoria. They are, therefore, equally interested with South Australia in obtaining a modification of terms.

The whole question might with advantage be remitted to the proposed postal conference, or, if necessary, it could be referred to the Home Government, at whose suggestion, in 1873, the colonies were *jointly* to arrange for the branch service connecting with Point de Galle.

With regard to the payment for the alleged deviation caused by the steamers calling at Glenelg or the Semaphore, I am quite of opinion that such a claim is altogether unjustifiable. The new contract has been taken on the most moderate terms, and it cannot be pretended that the cost of the service is enhanced by the steamers calling here. On the contrary, it is to the interest of the Peninsular and Oriental Company to include South Australia in the route; the number of passengers is yearly increasing, and with improved facilities both passenger and goods traffic is capable of considerable expansion; and, bearing this in mind, one may confidently assert that the yearly subsidy is not increased one iota by the steamers coming up Gulf St. Vincent.

In urging our claim for the adjustment of this question on an equitable basis, it may very properly be pointed out that South Australia has done more than any other colony to secure the early transmission of mail news—besides constructing the overland telegraph, we have expended vast sums in extending the telegraph to King George's Sound and to Cape Borda, for purposes in which Victoria is quite as much, if not more, interested than we are—and in return we may at least fairly require that the steamers shall call at Glenelg or the Semaphore without any special payment being demanded, especially when their doing so involves to Victoria no extra expense and very little delay.

CHARLES TODD, *Postmaster-General and Superintendent of Telegraphs.*
General Post Office, Adelaide, 7th August, 1879.

[Minute on above.]

Returned to the Hon. the Chief Secretary, with Report of the Postmaster-General.

I THINK that Victoria, having entered into the mail contract with the Peninsular and Oriental Company, should submit to us the terms on which she is willing to carry the South Australian mails to and from Great Britain. We certainly ought not to be called upon to make an offer for the privilege of having our mails carried.

No amount should be paid to Victoria for the deviation to Glenelg, as the Peninsular and Oriental Company not only made no charge for so doing, but distinctly refused, even though great pressure was brought to bear, to tender for any service which would necessitate their steamers passing South Australia without calling in. Victoria, therefore, has not been put to any extra expense or inconvenience, as the contract would not have been accepted by the company on any other terms, and, consequently, she has no claim for extra payment for this portion of the service.

I agree with the Postmaster-General that if we are charged the same rate per pound for our letters, &c. as was paid in the last contract, we shall, as our correspondence increases, before this contract expires be paying far more than our fair share of the cost, and, if the same rates are paid by the other colonies, Victoria will get her mails carried for nothing, if she does not make a monetary profit out of the contract.

The time for insisting upon South Australia being a party to the contract is past, and I respectfully suggest that Mr. Berry should now be asked definitely to state the terms upon which our mails may be carried, upon receipt of which we can either signify our approval or consider what steps shall next be taken.

As the contract is likely to actually commence by an extra steamer leaving England in January, 1880, I feel sure that the Victorian Government will see the urgent necessity of having everything connected with the new postal arrangements settled at the earliest possible opportunity.

T. K., M. E.
8. 8. 79.

*South Australia,
Chief Secretary's Office, Adelaide, 5th September, 1879.*

SIR,

I HAVE the honor to acknowledge the receipt of your telegram of the 2nd instant, on the subject of the ocean postal service. You state the Government of Victoria "Will take South Australian mails fortnightly each way for two thousand five hundred pounds, in addition to postages as at present."

Your communication has received attentive consideration, and I have now to inform you that this Government objects to pay any charge for the steamers calling at South Australia, as such calling is voluntary on the part of the Peninsular and Oriental Steam Navigation Company, induced, probably, by the increased passenger and goods traffic ensured to the company consequent thereon; and such a calling, so far from increasing the cost of the contract, was, doubtless, the means of reducing it. Moreover a despatch from the Secretary of State, dated the 4th June last, shows that the Imperial Government would probably not have agreed to the favorable terms with regard to postages unless the steamers were to call at Western Australia and South Australia. Sir Michael Hicks Beach in that despatch states, "Although Her Majesty's Government are not parties to the contract, I may observe that the provision which it makes for the conveyance of the mails to the colonies of Western Australia and South Australia appears to be adequate and to justify the liberal terms conceded by Her Majesty's Government in regard to the postage receipts."

This Government are prepared to pay a fair and liberal amount for carrying the South Australian mails, but consider that the present plan of apportioning the cost of the service is most inequitable, inasmuch as—to quote from our Postmaster-General's report, copy enclosed—"The payments of the contributing colonies go on increasing with the growth of the correspondence, whilst the cost of the colony undertaking the service really diminishes; although its correspondence increases in the same ratio as the others. In fact, if the same rates are continued during the new contract the effect will eventually be that Victoria will get her correspondence carried for nothing if she does not make a profit out of the transaction. Even at the present time the cost of the mail service to South Australia is, relatively, much greater than it is to Victoria. The net cost to Victoria of her ocean mail service, *via* Galle and Suez, in 1877, was only £15,073, and in 1878 £13,191; whilst the net cost to South Australia, with but little more than one-fourth the population, was nearly £10,000."

In confirmation, he further points out that you collected, in 1878, £79,441, or only £5589 less than the whole subsidy under the new contract.

The Government fail to see the justice of demanding South Australia to pay towards the service at a greater proportionate rate than Victoria does herself. They consider that before entering on any new arrangement a fair and equitable plan of distributing the cost should be arrived at, and therefore propose that, instead of paying the present fixed transit charges which, as previously pointed out, operate so unfairly, the total cost of the contract should be divided annually among the colonies using the service, according to the actual weight of mails carried.

In the event of this proposal not meeting your views we are prepared to refer the matter to the Imperial Postmaster-General to decide what is a proper contribution under the circumstances.

I have, &c.,

The Honorable the Chief Secretary, Victoria.

WILLIAM MORGAN.

MEMORANDUM.

General Post Office, Hobart Town, 6th November, 1879.

THE new Contract between the Victorian Government and the Peninsular and Oriental Company, for the conveyance of English, &c. Mails between Melbourne and Galle and Galle and Melbourne, fortnightly, is to come into operation on the first day of February next, from which date arrangements have been completed for the transmission of the Tasmanian English Mails to and from Melbourne and Launceston fortnightly.

At the present time the payment to the Melbourne Government for Tasmanian mails conveyed between Galle and Melbourne, each way, is—for letters, 1s. 7d. per ounce; for packets, 1s. 6d. per lb.; and for newspapers 6d. per lb.; and during last year the payment for such service amounted to Three thousand nine hundred and five pounds fourteen shillings and eleven pence, being Two thousand seven hundred and fifty-one pounds seven shillings and two pence for 34,754 ounces of letters, Four hundred and two pounds eighteen shillings and nine pence for 5372½ lbs. of packets, and Seven hundred and fifty-one pounds and nine shillings for 30,058 lbs., or nearly 13½ tons, of newspapers, and these amounts will probably be larger next year owing to the increased number of mails.

Arrangements have not yet been made with the Government of Victoria as to the terms upon which the mails will be conveyed under the new contract; and before doing so the desirability of addressing that Government on the subject, with a view to a large reduction being effected in the rates charged, is worthy of the fullest consideration.

As the isolated position of Tasmania requires a large extra cost to be borne in transmitting the English mails to and from Melbourne and Launceston, and as the Tasmanian Government wholly subsidise a most satisfactory and frequent mail service between Launceston and Melbourne, equally as beneficial to Victoria as to Tasmania, inasmuch as all mails, passengers, and goods from Victoria are conveyed by regular contract steamships, fitted with all the most modern appliances and conveniences, without that Colony contributing anything to the contract entered into between this Government and the Tasmanian Steam Navigation Company; and in the absence of such a contract, certainly the regularity of the trips would not be maintained, and it would be doubtful whether such fine ships would be set apart for the service, the cost of which to this Colony will be Four thousand pounds per annum from the 1st February next.

And it may be stated, too, as a further reason why Victoria should acknowledge the justice of a representation either to considerably reduce the rates at which letters, packets, and newspapers are conveyed by the P. and O. boats, or contribute to the mail contract between Melbourne and Launceston, that the Telegraph Cable across Bass Strait, from which Victoria also derives considerable benefit; is, like the mail service, wholly maintained by this Government.

It may be mentioned herein that the South Australian Government is said to be negotiating with the Orient line of steamers for conveying fortnightly English Mails; and in the event of Victoria not favourably and liberally considering representation from Tasmania on the matter referred to in this memorandum, it might be advisable to inquire whether the above line of splendid steamers could be made available for the transmission of the Tasmanian English Mails.

A. C. DOUGLAS, *Secretary.*

The Hon. Colonial Treasurer.

MEMORANDUM.

THE Postmaster-General of Tasmania is anxious to bring under the notice of the Government of Victoria the necessity for making a new arrangement for the payments to be made by the Tasmanian Government to the Government of Victoria for the carriage of the Tasmanian Mails between Melbourne and Colombo. The present rates of payment are—For letters, 1s. 7d. per ounce; packets, 1s. 6d. per pound; newspapers, 6d. per pound. During last year the amount paid to Victoria for this service was £3905 14s. 11d.

As the new Contract between the Victorian Government and the P. and O. S. N. Company for the conveyance of fortnightly mails comes into operation on 1st February next, it would be desirable to enter into any new arrangement between Tasmania and Victoria to take effect from that date.

It is submitted that the Victorian Government should make a large reduction in the rate heretofore charged, for the following reasons:—

The English mails being despatched fortnightly instead of every four weeks will largely increase the total bulk of mails to be carried in the year, and thus make the outlay of Tasmania more considerable.

This would be unobjectionable if the Victorian Government contributed a fair or any share towards the matter of communication between Melbourne and Tasmania. The carriage of the Tasmanian mails from Colombo to Melbourne does not increase by one penny the cost of the mail service to the Victorian Government, but when the mails reach Melbourne the whole cost of conveying them to Launceston is borne by this Government. In order to secure the prompt transmission between Launceston and Melbourne of the English mails, and to secure the advantage of rapid and regular steam communication between Victoria and Tasmania, this Government has to pay a subsidy of £4000 per annum to the T.S.N. Company, to which subsidy the Victorian Government do not contribute anything.

Little reflection is needed to see that the people of Victoria are benefited by the pay of this subsidy almost equally with those of Tasmania. The trade between the two Colonies is large, and the passenger traffic and correspondence very considerable; and it is submitted that, having regard to the relative wealth, commerce, and population of the two Colonies, Victoria might very fairly contribute one-half of the above subsidy.

It may be noticed as not without bearing on the subject that the entire cost of maintaining telegraphic communication between the two Colonies, amounting to £4200 per annum, is also borne by Tasmania exclusively, although for the reasons above given such cost should in fairness be apportioned between Victoria and Tasmania.

The Postmaster-General relies with confidence upon the right feeling of the Victorian Government to take this opportunity of dealing in an equitable and liberal spirit with the claims of this Colony either by the conveyance of the Tasmanian portion of the English mail to and from Colombo at a greatly reduced rate, or by each Government contributing to the cost at present pressing heavily upon Tasmania of maintaining a direct and regular communication by steam and telegraph between the two Colonies.

W. R. GIBLIN.

*Colonial Treasury, Hobart Town,
5th December, 1879.*

No. 89.

*Victoria,
Chief Secretary's Office, Melbourne, 9th January, 1880.*

SIR,

REFERRING to your letter of the 8th ultimo on the subject of the payments at present being made to Victoria for the carriage of the Tasmanian mails between Melbourne and Ceylon, I have the honor to forward to you a copy of a Memorandum on the subject drawn up by the Honorable the Postmaster-General of this Colony, to whom your communication had been referred.

I have, &c.

BRYAN O'LOGHLEN, *for Chief Secretary.*

The Honorable the Colonial Secretary, Tasmania.

MEMORANDUM.

WITH reference to the communication from the Honorable the Colonial Secretary of Tasmania, dated 8th instant, enclosing a Memorandum from the Postmaster-General of that Colony upon the subject of the payment now made to Victoria for carriage of the Tasmanian mails between Melbourne and Ceylon, the Postmaster-General would beg to remark that, after giving every consideration to the arguments adduced in support of the proposed reduction in the amounts paid to this Colony on account of the English mail service, it does not appear desirable to deal exceptionally with regard to the Tasmanian mails, or, at the present time, to alter the arrangement which has hitherto been in force between Victoria and the other Australasian Colonies in respect to their contributions towards the Ocean Postal Service.

Under the new fortnightly arrangement, as under the present, Melbourne is the terminus of the postal service contracted for, and the Postmaster-General is unable to recognise the claim upon Victoria for any portion of the cost of the Intercolonial Branch Services, which claim, in the case of New South Wales and New Zealand, has never been urged, but which might just as fairly be preferred as on behalf of Tasmania.

It is not, however, the desire of this Government to obtain any special advantage from the favourable conditions of the new contract, but to deal with Tasmania, as with the other neighbouring Colonies, in an equitable and liberal spirit. After the new contract has been in force a sufficient time to admit of the financial results being ascertained, the necessity for some modification may then be considered as to the basis upon which the contributions of the several Colonies are computed.

J. B. PATTERSON, *Postmaster-General.*

Post Office and Telegraph Department, Melbourne, 1880.

FORWARDED to the Honorable the Colonial Treasurer.

WM. MOORE.
15th Jan., 1880.

[For correspondence and contract between the Tasmanian Government and the Tasmanian Steam Navigation Company for conveyance of Mails between Launceston and Melbourne, see House of Assembly Paper, No. 78 of Session 1879. And for correspondence *re* adoption of Brindisi route for all Australian Mails, H.A. Paper, No. 47 of Session 1879.]

No. 1.

RETURN showing the Number of Letters, Packets, and Newspapers forwarded from Tasmania for transmission by the Contract Mail Steamer leaving Melbourne for Galle during the Year 1878; together with a Statement showing the Amount paid by the Government of Tasmania to the Government of Victoria for the conveyance of the said Letters, Packets, and Newspapers to Galle.

LETTERS.				PACKETS.				NEWSPAPERS.												
Number.		Weight.		Amount paid at 1s. 7d. per oz.		Number.		Weight.		Amount paid at 1s. 6d. per lb.		Number.		Weight.		Amount paid at 6d. per lb.				
		lbs.	ozs.	£	s.	d.			lbs.	ozs.	£	s.	d.			lbs.	ozs.	£	s.	d.
40,836		1053	10	1334	11	10	2191		848	9	63	12	10	71,480		10,339	10	258	9	9
Total amount paid.....												£1656 14s. 5d.								

No. 2.

RETURN showing the Number of Letters, Packets, and Newspapers for Tasmania received per Contract Mail Steamers leaving Galle for Melbourne during the Year 1878; together with a Statement showing the Amount paid by the Government of Tasmania to the Government of Victoria for the conveyance of the said Letters, Packets, and Newspapers from Galle.

LETTERS.					PACKETS.					NEWSPAPERS.							
Number.	Weight.		Amount paid at 1s. 7d. per oz.			Number.	Weight.		Amount paid at 1s. 6d. per lb.			Number.	Weight.		Amount paid at 6d. per lb.		
	lbs.	ozs.	£	s.	d.		lbs.	ozs.	£	s.	d.		lbs.	ozs.	£	s.	d.
37,562	1118	0½	1416	3	1	14,854	4081	3	306	1	10	131,262	20,161	3	504	0	7
												£	s.	d.			
Total amount paid												2226	5	6			
Outwards												1656	14	5			
Total paid												£3882	19	11			

No. 3.

*RETURN showing the Amount received by the Government of Tasmania from the British Government towards defraying the Cost of the Mails from Galle to Melbourne during the Year 1877.**

LETTERS.	PACKETS.	NEWSPAPERS.	TOTAL AMOUNT.
£ 1025 s. 18 d. 10½	£ 262 s. 16 d. 4	£ 231 s. 9 d. 11½	£ 1520 s. 5 d. 2½

* NOTE.—Accounts for 1878 not yet adjusted. The variation will be very little.

A. C. DOUGLAS, *Secretary.*

General Post Office, 23rd January, 1880.