

F U R T H E R P A P E R S

RELATIVE TO THE

STEAM POSTAL SERVICE.

(In continuation of Papers presented 14th July, 1862.)

PRESENTED BY COMMAND TO BOTH HOUSES OF THE GENERAL ASSEMBLY,
27TH AUGUST, 1862.

No. 1.

COPY OF A DESPATCH FROM HIS GRACE THE DUKE OF NEWCASTLE, TO GOVERNOR SIR GEORGE GREY.

Downing-street, 4th June, 1862.

NEW ZEALAND.
No. 55.

SIR,—

I communicated to the Lords Commissioners of the Treasury a copy of your Despatch No. 5, of the 8th of January, forwarding a Memorandum of the Postmaster-General of New Zealand, containing the views of your Responsible Advisers on the question of the demands made by the Imperial Government on the Colony in respect of the Postal service between the United Kingdom, Australia, and New Zealand.

I enclose for your information and guidance, a copy of the reply which has been returned to that reference, from which you will perceive that the Lords Commissioners adhere in every respect to their previous decision, as communicated to your Government on this subject; and in conformity with their Lordship's desire, I have to instruct you to inform me distinctly whether your Ministers accede to the demands made on the Colony on this account, or whether they prefer that New Zealand shall be withdrawn altogether from the main contract.

You will observe that pending the receipt of your reply, the Colony will be charged with its share of the expense as if the terms proposed had obtained the concurrence of your Government.

I have, &c.,

NEWCASTLE.

Governor Sir George Grey, K. C. B.,
&c., &c., &c.

Enclosure.

RIGHT HONOURABLE F. PEEL, TO SIR F. ROGERS.

Treasury Chambers,
20th May, 1862.

SIR,—

The Lords Commissioners of Her Majesty's Treasury have had under consideration your letter of the 8th instant, with which was transmitted a copy of a Despatch from the Governor of New Zealand, enclosing a Memorandum from the Postmaster-General of that Colony on the subject of the demands made upon New Zealand on account of the Postal service between the United Kingdom, Australia, and New Zealand.

These demands have reference first, to the mode of calculating the extent of the contribution to be paid by New Zealand towards the subsidy payable for the mail packets on the main Australian line, and secondly, to the postage to be accounted for by the New Zealand Post Office to the Imperial Post Office, on letters forwarded from New Zealand to the several Australian Colonies by the mail packets established under the contract made with Messrs. Pearson and Coleman, in May 1858.

Their Lordships desire me to state, for the information of the Duke of Newcastle, that they cannot concur in the opinion expressed that the alteration sanctioned by the Treasury Minute of the 25th April, 1861, in the mode of assessing the contributions of the different Colonies to the moiety of the subsidy, is at variance with the principle laid down in the Minute of the 27th November, 1855.

The principle of the Minute of 1855 is that the Imperial Government, shall bear one-half, and the Australian Colonies collectively, the other half of the cost of the packet service, and their Lordships cannot admit that, so far as the Imperial Government is concerned, there has been any departure from this principle.

It was, however, suggested by the Government of one of the Australian Colonies, and concurred in by the Colonies generally, as well as by the Imperial Government that the Colonial share of the cost of the packets would be more equitably divided by the plan described in their Lordships Minute of April 1861.

The Memorandum of the Postmaster-General of New Zealand states that the principle of the arrangement of 1855 was identical with that of the English postal system, but this system does not, in their Lordship's opinion, apply to cases such as that under consideration, when the cost of conveyance, instead of being inappreciably small, forms the chief item of expense.

Again, it is stated that the new arrangement, so far from carrying out the principle that each Colony should contribute according to its share of the benefit received, is in fact a departure from that principle; but their Lordships do not think that this view can be maintained. The financial benefit

of the measure, which the Treasury minute of 1861 had in view, was the saving effected in each case by the Colony paying a share of a single service for all the Colonies, instead of having a separate and complete service of its own.

The Memorandum proceeds to state that, assuming the change to be desired by the other Colonies, the Colony of New Zealand will acquiesce in the arrangement for the readjustment of the rate of contribution by the several Colonies, but only on condition first, that the same principle of contribution shall be followed in every subsequent apportionment of the subsidy; and secondly, that the Colony shall not be required to pay anything beyond its contribution to the main line, calculated according to the first scheme, from the establishment of the branch service from Sydney to the present time, and henceforth, according to the increased rate proposed in the minute of April 1861.

Their Lordship's cannot agree to these conditions. Power has been reserved to each of the Colonies, if unwilling to abide by any future decision of this Board, to withdraw altogether from a participation in the scheme, and their Lordship's cannot allow of any special proviso being made in regard to New Zealand.

I am, however, to state with respect to the question raised whether the postal service between Sydney and New Zealand, under the contract of 1858, should not be treated as a part of the general scheme proposed by their Lordships Minute of 1855, that, when Mr. Sewell, who in 1857 represented the Colony of New Zealand in this matter, proposed a scheme for an inter-colonial and inter-provincial service, the first being that from Sydney to New Zealand, and the second a subsidiary service between the ports of New Zealand, his proposal was assented to on the distinct understanding that the sum of £12,000, afterwards raised to £14,000, represented the entire cost of the inter-colonial service, which was to come under the terms of the Minute of 1855, and be shared between the Imperial and Colonial Governments.

It was subsequently determined, for reasons stated at the time, that no claim could be made on any of the Australian Colonies on this account, and the whole subsidy of £14,000 has consequently been provided out of Imperial funds.

It was settled, at the same time, that, in aid of this expense, the sea postage of 4d. per half ounce on all inter-colonial letters between Australia and New Zealand should be credited to the Imperial Post Office revenue, and their Lordship's cannot, under these circumstances, see any reason for modifying that decision.

In connexion with this subject, an opinion is expressed in the Memorandum that fourpence out of a total rate of sixpence is an excessive amount to be regarded as sea postage; but as to this, I am to observe that the rate of fourpence is far from being remunerative, and that, if the amount left for the Colonial inland service is not considered sufficient, the total rate might, on a proposal to that effect by the Government of New Zealand, be increased, leaving the portion of the rate to be appropriated as sea postage untouched.

The Colonial Government further say that they cannot reasonably be called upon to pay any portion of the subsidy for the main line for a period prior to the establishment of the branch service. In reply to this statement, their Lordships would observe that the Imperial Government is certainly not liable to this expense, as it did not undertake to establish branch lines. It did establish the main line from England to Australia, and if there was any delay in adding the branch services, the fault lay not with the Home Government but with the Colonial Governments.

New Zealand enjoyed, from the first, a considerable advantage from the main line, and if this advantage was not as complete as it might have been, the New Zealand Government should prefer a claim not on the Imperial Government, but on the other Australian Colonies.

In conclusion, I am to state that their Lordships adhere in every respect to the decision already communicated to the Government of New Zealand, and must require the remittance without further delay, of the amounts due, as well on account of the subsidy paid for the main line as of the postage collected on letters between New Zealand and Australia, and I am to request that this reply to the representatives of the New Zealand Government may be communicated to the Governor of that Colony, and that he may be called upon to state distinctly whether the Colony accedes to those demands, or withdraws from the main contract altogether, and that he may be informed that, until such statement be received, the Colony will be charged with its share of the expense, as if those terms had obtained its concurrence.

I am, &c.,

F. PEEL.

Sir F. Rogers, Bart.,
&c, &c., &c.