

arrangement should last, and that the colonies must then contemplate the possibility of a modification being made, in order to relieve Her Majesty's Government of at least some portion of the exceptionally heavy cost of the land conveyance of the mails *via* San Francisco.

7. I have much pleasure in conveying to you the decision of the Lords Commissioners of the Treasury not to disturb in any way the arrangements which, after much consideration, were arrived at for carrying the mails between Great Britain and the Australasian colonies along the best and most carefully selected routes; and I desire further to urge upon the colonies of New South Wales and New Zealand that, in the same spirit in which Her Majesty's Government have accepted a heavy burden which has fallen upon their share of the common undertaking, the Colonial Governments should consider whether they, on their side, cannot overcome any difficulties which may have arisen in carrying on the Pacific Mail Service on the route as now adopted.

8. It is needless to point out that the interests of the Colony of Fiji are involved to a most important extent in the maintenance of the present route, nor can it be supposed that the interests of Australia and New Zealand are uninfluenced by it. Without reverting to those essential colonial considerations on which the annexation of the Fiji Islands was determined, they may, I think, be properly recalled to the recollection of your Ministers if, as you—the Governor of New Zealand—lately intimated to me, it is contemplated that, in consequence of the absence of lights, the steamers should cease to call at Fiji on their way to and from San Francisco and New South Wales and New Zealand.

9. When the site of the capital of the Colony of Fiji is decided, it may be possible for the colony to do what is requisite in regard to lighting the approaches to the port. But whatever may be done in this matter, it may fairly be expected that, as the mail steamers have hitherto called at a port in Fiji without the coasts being lighted, they shall continue to do so for the remainder of the time during which the present arrangement is to last, whatever may be done as to lights. Her Majesty's Government are, I think, only pressing for what is reasonable and just in urging this, as a return for the new burden which it may be contended on behalf of this country is now cast upon it, of carrying the mails to and from San Francisco at a cost which was not contemplated in 1873, and which would in all probability, if then anticipated, have precluded Her Majesty's Government from undertaking what it then bound itself to do.

I have, &c.,

CARNARVON.

Governor the Most Hon. the Marquis of Normanby, K.C.M.G.

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#### Enclosure 1 in No. 1.

MEMORANDUM by Sir DANIEL COOPER on Letter (and Enclosures) of Mr. LAW, of the Treasury, in the matter of the Transit of the Mail to and from New York and San Francisco.

WHEN the Imperial Government wished to relieve itself from the responsibility and trouble attaching to the mail service between England and Australia, finding that united action could not be obtained between all the colonies, it offered to carry to and receive at Galle and Singapore respectively, the mails by the eastern route, also at San Francisco by the western passage; and Lord Kimberley sent his decision to that effect to the various colonies, as per telegram 16th May, 1873; this arrangement to hold good for five years.

Whatever negotiations took place between the Treasury, the Colonial Office, and the Post Office, New South Wales at least was no party to them, but was reluctantly compelled to work under the yoke of Melbourne, or seek the aid of New Zealand in establishing the western mail route on a sound and permanent footing. After many breakdowns, and spending many hundreds of thousands of pounds, these two colonies have just entered into a contract for eight years, which they believe will work satisfactorily, and the mail will be delivered each way within forty-eight days, for which service they are to pay a subsidy of £90,000 a year.

This contract was made on the basis of the present postal rates not being increased, and the confidence that a public arrangement made by the Secretary of State for the Colonies would be held inviolable.

Mr. Law's comparison between the San Francisco route and that *via* Brindisi does not hold good; if comparison be made at all, it must be between the Southampton route, to which the Brindisi is only a fast branch, or an express supplement, and which does exceptional work over that branch, and for which those who do not avail themselves of the main or Southampton line pay an extra rate.

As a colonist I protest most emphatically against any alteration of the postal rates as at present existing, at all events until the expiring of the five years designated in Lord Kimberley's telegram. The reason advanced by Mr. Law for attempting to disturb this arrangement is in reality a strong argument why the same should be maintained. It is clear that the Government did not make this arrangement in ignorance of the difficulty that has arisen, but had actually discussed it, and then made their own terms, deliberately omitting that which, if brought forward, would most certainly have been resolutely resisted both in New South Wales and New Zealand, who claimed then, and claim now, that they should have the power of sending their mails at the same