

rates to be charged to the public *via* San Francisco would not exceed those *via* Southampton and Galle; and the existing higher rates by Brindisi are accounted for by the charge for the continental land transit, from which charge the San Francisco route is distinctly stated to be free.

This appears very clearly in letter E, dated 2nd June, 1873, from the Secretary to the Treasury to the Postmaster-General, already referred to above, and acknowledged in letter E from the Secretary to the Postmaster-General to the Secretary to the Treasury, dated 5th June, 1873.

I am satisfied that if the rates for either letters or newspapers were increased, as suggested, the result would be that very few, if any, letters or newspapers would be transmitted to or from New South Wales by the San Francisco route, which would practically amount to this: that New South Wales would be paying a heavy subsidy without deriving any corresponding benefit or equivalent, so far as the transmission of mails is concerned.

Accordingly, to consent to the proposition emanating from the Imperial Treasury, that a rate of 4d. should be charged on newspapers, would be to prohibit the transmission of newspapers by that route, and would be specially inconsistent with the policy of the New South Wales Government, which transmits newspapers free over the colony (with certain limits as to time of publication).

I have the honor, therefore, to express my hope that, on consideration of the peculiar circumstances above set forth, the proposal of the Treasury to charge 4d. upon newspapers by the San Francisco route will not be pressed any further by Her Majesty's Government.

The Under Secretary of State for the Colonies,
Downing Street, S.W.

I have, &c.,
WILLIAM FORSTER.

No. 2.

MEMORANDUM by the Hon. the POSTMASTER-GENERAL upon the EARL of CARNARVON'S Despatch of the 28th April, 1876.

THE Postmaster-General thinks that His Excellency should be asked to convey the thanks of the Government to the Secretary of State for the Colonies for his efforts to prevent the Lords Commissioners of the Treasury from putting an extra charge on mail matter by the Californian service. The Postmaster-General is, however, of opinion that had the Treasury imposed such extra charge, it would have been a breach of the deliberate agreement made with the Colonies, unless, indeed, the extra charge had been paid to the Colonies concerned, in which case there would have been no need to impose it. Had the United States lowered the transit rates, the Colonies would have gained no advantage, and there seems no reason why they should be subjected to extra charge. The Imperial Government very carefully considered the arrangement which would be most acceptable to them; surely they should be prepared to abide by it. If the transit rates are increased, the cost of the San Francisco mails would probably not exceed the cost of the mails by Suez, although, in the latter case, there is a difficulty in distinguishing between the cost for the Indian and the Australasian mails. As the arrangement now stands, the Postmaster-General is of opinion that the net cost of mail communication between Great Britain and the Australasian Colonies falls more heavily on the latter than on the former. This, however, is merely an opinion, as the means for establishing its correctness are wanting.

The Postmaster-General unwillingly raises these points; but it seems to him necessary to do so, because he regrets to find himself unable to agree with Lord Carnarvon as to its being a duty of this colony to require the Californian service to be performed by way of Fiji. His Lordship is probably unaware of the great risks, delay, discomfort to passengers, and extra cost involved by calling at Fiji. Indeed, the extra postage might be much more than covered out of the extra expenditure. New Zealand has not been unmindful of the advantages of postal communication with Fiji, and a subsidized service has for some time been established between the two colonies. In the event of the Californian mail steamer not calling at Fiji, the Government will, if practicable at a reasonable expense, endeavour to make the times of the present Intercolonial service harmonize with the arrival and departure of the mail steamers.

The Postmaster-General hopes that this assurance will satisfy the Secretary of State. It is to be observed that no arrangement for altering the route has yet been decided on.

Wellington, 11th July, 1876.

JULIUS VOGEL.

No. 3.

The AGENT-GENERAL to the Hon. the COLONIAL SECRETARY, Wellington.

7, Westminster Chambers, Victoria Street, Westminster, S.W.,

2nd May, 1876.

SIR,—

F.—3. No. 96.

In continuation of my letter of the 10th February, enclosing a correspondence concerning a proposal of the Lords Commissioners of Her Majesty's Treasury, to raise the rate of postage on newspapers and other printed matter *via* San Francisco, I have the honor to forward herewith, for the information of the Government, a copy of a letter which I have received from the Colonial Office, transmitting a copy of a despatch addressed on the same date by the Earl of Carnarvon to his Excellency the Governor, in which it is announced that, on consideration, the Treasury proposal above referred to has been withdrawn.

I have, &c.,
I. E. FEATHERSTON,
Agent-General.

The Hon. the Colonial Secretary, Wellington.