

No. 83.

Mr. McDONALD to the SECRETARY, General Post Office, Wellington.

SIR,—

Postmaster-General's Department, Brisbane, 29th April, 1879.

I am directed to forward, enclosed herewith, copy of the minute by the Postmaster-General of this colony on the circular despatch addressed by the Secretary of State for the Colonies, under date the 17th January, 1879, relative to the proposed retention of postages (as per telegram of this day's date).*

I am also directed to request you to be good enough to treat it as confidential until laid before the Parliament of this colony.

I have, &c.,

JOHN McDONALD,
Under-Secretary.

The Secretary, General Post Office, Wellington.

Enclosure in No. 83.

MINUTE by the POSTMASTER-GENERAL on the Circular Despatch addressed by the Secretary of State for the Colonies to the Governor of Queensland, under date 17th January, 1879, relative to the Proposed Retention of Postages.

IN this communication it is intimated that, owing to the rivalry of the colonies and the adoption of separate mail routes, an expense has been entailed upon the Imperial authorities greatly in excess of the amount which they would otherwise have been called upon to provide; and, as the existing contract with the Peninsular and Oriental Company for the conveyance of Eastern mails terminates in February, 1880, notice is given that the existing arrangements cannot be prolonged after that date except upon terms which will tend to relieve the Imperial Exchequer.

The Lords of the Treasury therefore make "as a simple and fair proposal that the General Post Office should receive 4d. on each letter, instead of the present inland postage;" and the Secretary of State will be glad if the Agent-General for this colony or some other person "can be instructed and fully empowered to conduct the negotiations on this subject with Her Majesty's Government, and to conclude whatever agreements may be arrived at."

This proposition obviously re-opens the whole question of Australian postal communication, because, in the absence of calculations and adjustments, it bears the appearance of an arbitrary and capricious demand. It means that, instead of retaining 1d. of the postage collected on each letter despatched from England to Australia, the General Post Office shall receive 4d. The additional charge thus sought to be imposed upon the colonies has been estimated at about £27,500 a year, reducing the total Imperial contributions on account of the three existing services to £57,500, and increasing the Queensland contribution by some £2,500 a year.

In reviewing past negotiations and agreements, the Secretary of State points out that before 1873 the cost of the Australian service was equally divided between the mother-country and the colonies, and that this arrangement was terminated not because the Imperial contribution was deemed excessive, but because the various colonies were dissatisfied with the manner in which the Peninsular and Oriental Company performed the service. It may be inferred, therefore, that an equal division of the cost of any single service that might be hereafter agreed upon would still be deemed satisfactory by the Imperial authorities, and that the new proposal is made solely because of what is held to be the needless outlay resulting from an undue multiplication of services.

It cannot be denied that the expense of Australian mail conveyance is excessive. The following table shows approximately the total payments:—

	By Imperial Government.	By Colonies.
Melbourne-Galle	£59,700	£90,000
Brisbane-Singapore†	£20,000
Sydney-San Francisco	£25,300	£72,500
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	£85,000	£182,500

Estimating the gross postages at £100,000 per annum—viz., British receipts at £8,300, and colonial at £91,700,—the net cost of Australian mail conveyance approximately is £167,500,—viz., to the mother-country £76,700; and to the colonies £90,800. From which it appears that under the existing arrangements the mother-country is chargeable with considerably less than its moiety of the contributions, and that, were the Secretary of State's proposition agreed to, the net cost of Australian mails to the mother-country would be only £49,000, while the revenues of the colonies would be charged with £118,000.

It is true, however, that were all the mails transmitted by the Eastern route the Imperial Exchequer would be relieved to a considerable extent, while a much greater saving would be effected by the colonies. The Sydney-San Francisco service, even with the recent modification, involves an outlay, including Atlantic sea and American land transit charges, of £97,800 per annum. This, it must be conceded, is greatly in excess of the value of the postal facilities conferred by that service. The effect of the contract with the Pacific Mail Steamship Company apparently is to subsidize American shipowners with British money, and, by inducing low freights between San Francisco, Auckland, and Sydney, to foster at British expense the trade of a foreign country whose tariff excludes English manufactures from its markets.

A similar objection cannot be taken to the Torres Straits service. It has heretofore cost the mother-country nothing, while the subsidy for which Queensland has been alone responsible has not appreciably exceeded the contribution that would have been otherwise paid for participation in the

* Vide Enclosure in No. 58. † Torres Strait mails are conveyed by the China packets between Ceylon and Singapore, and therefore are assumed to involve the Imperial Government in no additional expense.