

In regard to the first objection—namely, that the United States Post Office is bound to levy the railroad transit charges specified in the Tyner-Thornton agreement, in compliance with a resolution of the Postal Conference of 1891, I am informed by the Postmaster-General of New Zealand that this is based upon a misapprehension of what occurred at the Congress, and if so, as would appear to be the case, this objection would be removed.

The resolution under which the Australian Colonies and New Zealand were admitted to the Postal Union is as follows: "That the representatives of Australasia to the Postal Conference advocate the admission of Australasia into the Postal Union on the condition that Australasia receives adequate representation, and that the *maritime-transit rates* be not lowered without the consent of the countries maintaining the sea-service."

This resolution does not refer in any way to territorial transit charges, but expressly mentions maritime charges; and therefore the question of reducing the rates on the closed British-Australian mail becomes one of policy, to be determined exclusively by the United States Post Office.

As the Australian Colonies pay heavy subsidies to at least three steamship lines for ocean carriage of their mail, exclusive of the San Francisco line, their reason for insisting upon retaining control of their maritime-transit rates is obvious. But in respect of territorial transport charges, having entered the Postal Union without any reservation, they appear to be entitled, as a matter of right, to at least such advantage as may accrue by adoption of the rates authorised for such services by the Postal Union. This advantage, however, is denied them by the Postmaster-General's ruling that no reduction in the special transit rates can be made under existing conditions.

The special rates at present charged are 55 cents (say, 2s. 3½d. English currency) per pound of letters, and 17 cents. (say 8½d. British) per pound for other articles.

The Postal Union rates are 2 francs per kilogramme (say 8⅞d. per pound) of letters, and 25 centimes per kilogramme (say 1⅞d. per pound) of other articles.

The excess, therefore, at present charged over the Postal Union transit rates appears to be 1s. 6½d., or 38¼ cents, per pound on letters, and 7½d., or 14½ cents per pound upon other matter carried by the mail.

It is respectfully submitted, therefore, that, inasmuch as the Australian Colonies are members of the Postal Union, and that as the reservation in the resolution admitting them to such Union did not apply to territorial transit charges, but referred exclusively to maritime charges, they are at least entitled to Postal Union rates between New York and San Francisco since the date when such admission became operative—namely, 1st October, 1891.

I have the honour to request, in view of the foregoing presentation of facts, that you will be pleased to ask the Hon. the Postmaster-General to cause the overland-transit charges on the British-Australian closed mail to be computed at the Postal Union rates from the date mentioned.

With respect to the second objection, that the amount charged does not exceed the payment to the railroad for the carriage of this closed mail, I submit that it cannot apply under existing conditions. Whatever force might attach to it is removed by the fact that Australasia, as a whole, joined the Postal Union without reservation upon this point. It is bound by all the regulations of the Union with the exception above noted. The element of cost, therefore, does not enter into the question at all. The Postal Union having established arbitrary territorial transit rates, each member of the Union is expected to enforce these charges only as against all other members, whether profitable or the reverse. But upon this question of cost I think a reference to the records would show that, whatever may be the fact at the present time, regarding it in the past a very considerable annual revenue was obtained from this source.

In respect to the third objection, that Congress has not seen fit to authorise the Postmaster-General either to reduce the overland charges or dispense with them altogether, I submit that the question of reduction is disposed of by the application of the Postal Union Regulations to this case.

On the broader question of abolishing these transit charges, I venture respectfully to express the opinion that, as a matter of public policy, it is to the interest of the United States Government to make every public concession to New Zealand to enable it to withstand the pressure that has been brought to bear upon it to abandon the Californian mail route, as has already been done by all of the Australian Colonies.

Upon the adhesion of New Zealand to this route depends the maintenance of a direct mail-service, not only between the United States and New Zealand, but between this country also and the entire Australian group of colonies. But the strain upon it is so great that, unless the American Post Office Department comes to its assistance promptly, New Zealand will most reluctantly be compelled to abandon a postal service which it has made so many sacrifices and paid so much money to establish and maintain.

The position, in brief, is this: The New Zealand Legislature authorised a continuance of the mail-service with Great Britain, *via* San Francisco, for three years, upon the conditions set forth in the parliamentary paper herewith attached.

The consent of the London Post Office was asked, and refused, to a three years' contract, but a reluctant assent was given to a year's renewal, conditioned upon New Zealand defraying the cost of the Atlantic service, which the New Zealand Post Office estimates at £1,600 (\$8,000) per year. This sum, added to a moiety of the overland-transit charges, which the British Post Office insists upon New Zealand paying, makes a total annual charge or toll for the privilege of sending its mail through the United States of about £6,000, or \$30,000, yearly. The London Post Office retains the postages upon all printed matter to recoup its moiety of the American transit charges.

In consequence of this payment and deductions of postal revenue, New Zealand has been compelled to reduce the payment to the steamship contractors to the lowest point. But, even with this reduction in the cost of the Pacific Ocean transit, there is no certainty that New Zealand will be able to continue the service without substantial aid from the United States, in direct opposition to British Imperial policy, which is unmistakably hostile to a continuance of the American mail-route