

antagonized to some extent the Imperial postal authorities by insisting upon upholding the American connection when the Australian Government abandoned it. For these reasons New Zealand is not disposed to make further sacrifices to maintain a connection to which, apparently, the United States attaches so little importance.

The present condition of the service is therefore eminently unsatisfactory, and its very existence now is entirely due to the public spirit and enterprise of the steamship contractors on the Pacific Ocean route, who have been virtually penalised during the past two years for their enterprise and public spirit by being compelled to defray one-half of the overland transit charge on the closed Australian mail between San Francisco and New York, amounting in 1891, for eleven mails, to \$8,626. This penalty, for such in effect it is, will be heavier for the contract year just closed, while the payment by weight for ocean carriage of the mail on colonial account will be considerably less than in 1891, owing to reduction in the rate.

The prospect for the current year is still more unsatisfactory to the steamship contractors, because of the adoption by the London Post Office of Postal Union rates, and the further fact that the United States Post Office continues to collect, under agreement with the British Government, concluded in 1876, a rate for transportation of the closed British and Australian mail across America largely in excess of the territorial charges sanctioned by the Postal Union. To recoup itself in part for such payment, a deduction of one-half the charge between San Francisco and New York, as already explained, is made by the New Zealand Post Office from the greatly reduced earnings of the steamships.

I recognise the fact that this territorial transit service is classed "extraordinary," for which special rates may be charged; but there are special circumstances connected with it which, I respectfully submit, make it altogether exceptional, and which should entitle it to be so regarded by the United States Post Office, not the least significant of which is the fact that the payment of this charge to Washington, by the London Post Office, is the medium by which the latter expects to break down the San Francisco mail-service, and cut off the United States from direct postal and commercial intercourse with the British colonies of Australia.

When the Convention regulating the American transit charges on the closed British-Australian mail was entered into between the United States and England, the latter had agreed with the contracting colonies to bear the entire cost of conveyance between London and San Francisco for a term of years, and, as the colonies then had no direct interest in the matter of American transit charges, they were not consulted as to terms. If they had been consulted, or if they had had an understanding that they would be subsequently called upon to pay these charges in excess of Postal Union rates, as is now the case, the terms embodied in the agreement between the United States Post Office and Great Britain would probably not have been assented to.

When New South Wales withdrew from the San Francisco service the weight of this payment fell upon New Zealand, and its efforts to have it either abolished or reduced failed, as you are aware, although the Postmaster-General strongly recommended the latter course, and was not opposed to the fullest possible concession to New Zealand, in view of its uniform friendship for the United States. But Congress did nothing in the premises; and it is now estimated that New Zealand must pay the United States Postal Department, through the London Post Office, for the contract year ending 15th November, 1893, at least £6,000 (\$30,000) as its share of the overland transit charges, while the steamship contractors will be compelled to contribute between \$8,000 and \$9,000 of their earnings. This, I venture to suggest, is a condition which should not exist. It is a heavy premium for New Zealand to pay for the privilege of sending and receiving its British mails across United States territory, and at the same time protecting American trade with Australia, when it might use the eastern route without any corresponding charge. The American transit rate is 2s. 3½d. (55c.) per pound for letters, and 8½d. (17c.) for other articles. However, as it is probable that the service will be abandoned at an early date, it is perhaps superfluous to discuss either the policy of continuing this special charge or its amount. It will have accomplished its purpose in this respect; but I venture to predict that no such fine will be imposed upon the Australian mail-service by Canada after a Dominion line to Sydney shall have supplanted the American line from San Francisco.

I trust I shall be excused for presenting the urgency of the case in such strong terms, but as I feel that this may be the last appeal I shall be privileged to make on behalf of the Australian mail-service from San Francisco I desire to make the exact position clear. It is in the power of Congress to put the Australian mail-service upon a permanent and efficient basis, and unless this be done without unnecessary delay it must break down. The contractors may run their ships during the current year, as the Columbian Exhibition holds out some prospect of increased passenger traffic, but beyond this there is nothing in the business to maintain the service, which involves a voyage of 7,200 nautical miles between terminal ports, and is without local traffic to supplement the earnings of the trunk line. And it has been pointed out that neither England nor the Australian Colonies are willing to contribute to sustain it in competition with exclusively British steamship lines, for commercial reasons, if not also for broad political considerations.

The indifference which the United States has shown to the Australian mail-service from first to last is in striking contrast to the paternal and fostering care of England towards the competing British lines to Australia by the Eastern route. The present contract for the Federal service between London and Australia, by the ships of the Peninsular and Oriental Company and those of its commercial rival, the Orient Steamship Company, calls for the annual payment of £170,000 (\$850,000), of which the Imperial Post Office contributes £95,000 (\$475,000) and the contributing Australian Colonies £75,000 (\$375,000), the latter sum being apportioned on the basis of population.

Up to 1885 (writing from memory), the United States Post Office paid for the conveyance of the American mail to New Zealand and Australia a sum gradually increasing from about \$4,000 to \$13,000 per annum, in round figures; from 1885 to 1888 it paid \$20,000 a year; from 1888 to 1891 payment was made at the rate of \$50,000 per annum, a fixed percentage of which went to the con-