

through steamers being run. The contract was for three years, and it was renewed in 1888 and 1889, each year for one year, but in 1889 New South Wales agreed to pay £25,750 against £11,250 by New Zealand. In 1890 this contract was terminated by New South Wales. For two years New South Wales and the other Australian States all paid by poundage rates. Then from November, 1892, to October, 1900, inclusive, New South Wales paid £4,000 yearly for her own mails, and the other States continued to pay by poundage rates.

From this brief statement it will be clearly seen that the San Francisco service has been anything but a source of wealth to those who have engaged in it. For New Zealand the route has, of course, always been the best, not only for mails for America but for England. For Australia the route was for years the favourite one for English mails, but as the Suez route developed Australian interest in the San Francisco route gradually waned so far as English mails were concerned. The great growth of trade with the United States has, however, invested the route with very substantial importance to Australia with regard to American mails, and it is impossible to think that Australia can look with indifference upon, or treat with injustice, the remarkably fine service now being run by the Oceanic Company.

In October, 1900, the New Zealand agreement, together with that of New South Wales, terminated. About this time a series of changes came about which affected the business in various ways, and which have led to uncertainty as to the moneys due to the company, and the position of the accounts between the company and Australia.

In November, 1900, the Oceanic Company, having built swifter steamers, commenced a three-weekly service.

On 1st January, 1901, Australia became federated, and shortly afterwards the six State Postal Departments came under Federal authority.

In the following April Messrs. Burns, Philp, and Company (Limited) became the agents, the Union Steam Ship Company taking up another service.

The following are the rates which New Zealand has by successive agreements paid the Oceanic Company since the three-weekly service began, poundage subsidies:—

	Letters per Pound.		Packets per Pound.		Newspapers per Pound.	
	s.	d.	s.	d.	s.	d.
To 30th June, 1901	12	0	1	6	0	6
To 29th November, 1901	10	5	1	0	0	6
From 29th November, 1901	7	6	1	0	0	6

The company, besides the money payment, is relieved of all charges for harbour dues in Auckland, which is equal to £ per year. [Exemptions, 1904-1905, are valued at £1,599 a year.]

With regard to the Australian payments of late years, the New South Wales Postal Report for 1889 says: "For the conveyance of mail-matter, both received and despatched, by the San Francisco mail-service, the non-contracting Australasian Colonies (excepting New Zealand) pay at the rate of £1 5s. 4d. per pound of letters, 1s. 6d. per pound of books and packets, and 6d. per pound of newspapers."

The subject came up at the Postal Conference held in Adelaide in May, 1890, when the following resolution, moved and seconded by the Postmaster-General of New South Wales and Victoria respectively, was agreed to: "That in any future mail-contract across the Pacific Ocean, if arranged for by New Zealand, the other colonies shall pay similar poundage rates to New Zealand to those paid by the non-contracting colonies for the mail-service *via* Suez, each despatching country or colony paying all charges to destination."

The New South Wales Postal Report for 1892 refers to this resolution, and quotes the rates payable thereunder as being 12s. for letters, 1s. 6d. for packets, and 6d. for newspapers. These rates apparently were regularly paid by the Australian States to the New Zealand Government, and were by them handed over to the Union Company up to October, 1900. New South Wales, however, as already stated, from 1892 to this date (1900) paid £4,000, which on a poundage basis was equal to nearly double the payment by the other States. The arrangement made at the Postal Conference of 1890 governed the whole Australian business, except that for a certain number of years New South Wales, as stated, voluntarily paid a sum equal to nearly double the rates fixed by the Conference, and when in 1900 New South Wales discontinued her special payment, she would appear to have been bound by the 1890 Conference agreement.

Whether the New South Wales authorities overlooked this agreement, or whether they had some legal right for their own action, of which I see no trace, I cannot tell, but certain it is that beginning with November, 1900, New South Wales only credited the company under the non-contract poundage rates, which had been gazetted in 1893, and which were:—

	Letters per Pound.		Other Articles per Hundredweight.	
	s.	d.	s.	d.
For conveyance in harbours and on rivers	0	8	1	6
For conveyance between places on the New South Wales coast	1	4	3	0
For conveyance beyond New South Wales	2	0	4	6

This last rate (which governed inter-State mails) New South Wales now proceeded to apply to the service to San Francisco. Meanwhile Victoria continued to credit the Conference rates for her mails—that is, Victoria credited 12s. per pound for letters, and New South Wales 2s., or only one-sixth; for packages, Victoria credited 1s. 6d. per pound, and New South Wales 4s. 6d. per hundredweight, or only one thirty-seventh; for newspapers, Victoria credited 6d. per pound, and New South Wales 4s. 6d. per hundredweight, or only one-twelfth. Federation being completed, a Commonwealth Postal Bill was passed, under which power was given to fix by regulation the