

No. 42.

Copy of a Letter from the COLONIAL SECRETARY, New South Wales, to the Hon. E. W. STAFFORD.

SIR,—

Colonial Secretary's Office, Sydney,
New South Wales, 31st July, 1868.

I am directed to acknowledge the receipt of your letter of the 22nd ultimo in which you transmitted, for the consideration of the Government of New South Wales, the copy of a memorandum which the Postmaster-General at Wellington has drawn up on the subject of the payment made by the Colonies not contributing to the cost of the Panama Mail Service for the transmission of their mails by the steamers of that service.

2. Having referred your communication to the Postmaster-General I have now the honor to enclose a copy of the report received from that Minister for the information of the Government of New Zealand.

The Hon. the Colonial Secretary, New Zealand.

I have, &c.,

HENRY PARKES.

Enclosure in No. 42.

General Post Office, Sydney, 17th July, 1868.

THIS is both a difficult and a delicate matter to deal with. Prior to the introduction of the arrangement at present in force, it devolved upon the department of the Post Office, in New South Wales, to enter upon a regular system of accounts with each of the non-contributing Colonies. The accounts were liable to disturbance from the fact that, as opportunities occurred, the Colonies forwarded letters for despatch by this route direct to Wellington, New Zealand. To obviate this inconvenience it was arranged between New Zealand and New South Wales that all letters from non-contributing Colonies despatched and received *via* Panama should pass through the Sydney Office. It was soon discovered that this limitation would entail such an amount of work in detail upon the various branches of the Sydney Office as would necessitate a very large increase to the staff, the expense of which would far exceed any benefit the Colony could receive by the postage derived from the conveyance of these letters. It was also soon evident that the extra labour thus imposed in the making up of the mails would require a curtailment of the time allowed to residents in Sydney for posting their letters—that in fact the mail must be closed at an earlier hour than would otherwise be necessary.

Under these circumstances the present arrangement was proposed, the advantages of which are, that it obviated the necessity of keeping any accounts beyond the gross weight of the mails; that it allowed the non-contributing Colonies to receive and despatch separate mails from and to London; and that their accounts with the London Office are kept with themselves.

I may here mention that the amount fixed for the carriage of these mails by weight was arrived at in consultation with the late Mr. Crosbie Ward.

The principle which guided the calculation was this, that if we could fix a rate of postage which would save the contracting Colonies from loss in the carriage of letters from non-contributing Colonies it was expedient to do so, in order to familiarize them with the advantages they would derive from the use of this route.

It is not strictly correct that this amount was arrived at on the consideration that the mails should always be mixed—*i.e.*, letters and newspapers. It was founded upon the weight of letters alone; although the possibility of newspapers being occasionally transmitted by this route was also taken into account, as a possible increase to the rate of contribution, yet it was not considered probable that many would be forwarded.

The question, therefore, stood thus: Will it be more expedient to impose such a high rate of postage upon letters from these Colonies as shall act as a prohibitory impost, or shall we take them under such arrangement as will save the contracting Colonies from actual loss, by returning to them the same amount of postage as is derived from letters transmitted *via* Suez?

The latter principle was the one determined upon, and the only question then remaining was the amount which would produce this result.

It was known that where a higher postage rate was imposed, *e.g.*, in the case of Marseilles, correspondents as a rule would fill up to the weight of the rate. A pound of letters would therefore include thirty-two letters, which, at the Suez and Southampton rate of postage, would have returned 16s. But it was found that the rate of ordinary correspondence ranged from thirty-seven to forty-three letters to the pound weight.

Taking therefore the average of forty letters to the pound, gave exactly 20s. as the return to the contracting Colonies; and placing this amount on the gross weight, it was assumed that the weight of packages and occasional newspapers would be a clear gain, and prevent the possibility of any loss to the contracting Colonies.

The manner in which this arrangement worked is this: The London Office, having consented to the proposition, makes up direct mails for each of the Australian Colonies, receiving the amount it collects, and crediting the individual Colonies with 5d. on every half-ounce letter. On the other hand, each Colony collects 6d. on every half-ounce letter, which it retains, and credits Great Britain with 1d. of this amount.

Each Colony thus keeps its own accounts with Great Britain, and the Post Office of New South Wales is relieved from a burthen of accounts which, to enable her to have borne, would have necessitated a large increase of the postal staff, at a commensurate increase of expenditure.

Although the non-contributing Colonies pay no apparently increased postage, the residents in those Colonies pay a double rate upon every letter they transmit by this route; for the Governments of all these Colonies, while they receive back 5d. per rate on every letter posted *via* Panama, impose a charge of 1s. per half-ounce on these letters; and the Colony of Victoria has gone further, by imposing a charge of 1s. 3d. per ounce on every newspaper posted for transmission or received in the Colony by