

Précis.

The Oceanic Steamship Company has a grave and genuine claim on the Commonwealth, and the proprietors consider themselves to have been very badly treated in having had to wait such a prolonged period for a settlement of this claim.

The company began to carry mails between Australia and San Francisco in 1885. Up to nearly the close of 1900 the service was a four-weekly one, carried on by 3,000-ton steamers, spending in Australia about £35,000 yearly. From November, 1900, the service has been a greatly accelerated—a three-weekly—one, carried on by 6,000-ton steamers, spending in Australia about £75,000 yearly. Some idea of the value of the mail-service now rendered can be learnt from the fact that of the mails sent across the Pacific, 70 per cent. is taken by the San Francisco line against 30 per cent. by the Vancouver line.

From 1885 to 1890, a subsidy of £37,000 was paid by New Zealand and New South Wales, of which, generally, one-third was paid by New South Wales, the other Australian States paying poundage to New South Wales. This contract was terminated in 1890. In May of that year a Conference of State Postmasters-General was held in Adelaide, when the following resolution was carried: "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." Under this resolution the following rates were paid: Letters, 12s. per pound; books, 1s. 6d. per pound; newspapers, 6d. per pound.

During the next ten years, 1890–1900, these rates were regularly paid by the States—State by State—to New Zealand, and the money was as regularly paid over by New Zealand to the agents of the company. New South Wales, however, for most of this period, voluntarily paid nearly twice these rates on her own mails in the form of a fixed sum of £4,000, the aggregate payments by the six Australian States, inclusive of this fixed sum, being about £6,000. Last year, for the accelerated and more frequent service, carrying probably at least twice the weight of mails, the Commonwealth tendered a total of £890, which the company declined to accept. Sydney to San Francisco is one of the very longest mail trips in the world, and it is quite safe to say that there is no lengthy or even moderately lengthy mail trip on which remuneration is paid on the microscopic scale tendered by the Commonwealth to the Oceanic Company.

It is contended on behalf of the company that the Postal Department of the Commonwealth has been working under an entire misapprehension. During the fifteen years, 1885 to 1900, this mail-service was always dealt with by the State Parliaments, and the Commonwealth Parliament never authorised the Postal Department, nor expected it, to assume control in the way it has done. The debate on the Postal Bill proves this.

It is easy to show that the "prescribed rates" which the Department tenders were never intended, when originally fixed, to apply to a service such as this. These "prescribed rates" originated in connection with the New South Wales Postal Amendment Act of 1893. Mr. (now Justice) O'Connor of the High Court, in moving the second reading of the Bill in the Legislative Council, made it clear that it was a Bill dealing with coastwise and intercolonial vessels. After the Bill was passed, the following "prescribed rates" were gazetted thereunder:—

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

Under this scale the gradation is significant: letters, 8d., 1s. 4d., 2s.; first, within a river or harbour; second, on the New South Wales coast; third, "beyond New South Wales." This clearly provided for inter-State mails. The same relative gradation is fixed for newspapers, and they are "per hundredweight," whilst oversea mail-steamers are invariably paid "per pound." In fact, so bulky in proportion to weight are sacks of newspapers that the highest of the three rates would not yield 20s. per measurement ton, or half of the ordinary freight on measurement cargo, Australia to San Francisco, so that the absurdity of it as a rate for a real oversea mail-line is transparent.

The mails paid for by these "prescribed rates" are almost invariably carried by cargo steamers—viz., vessels paying their way, quite apart from mails; therefore, if mails are so taken, even to South Africa, the conveying vessel, reckoning letters and papers together, is not badly paid. But a real mail-line—steamers running at a high speed, and keeping to a time-table—is in an entirely different position. The Oceanic Company is under contract with the United States to carry mails to New Zealand and Australia; it is also under contract with New Zealand to carry mails to San Francisco, and it is carrying out its contracts to the entire satisfaction of the two Governments. The subsidies paid by these Governments, aggregating £70,000, have not, however, sufficed to make the service a paying one; in fact, they do not quite reach the amount disbursed by the company in Australia alone.

It is true that the company has no contract with Australia, but it is also true that the company had no contract with the six States during 1890 to 1900 (save to some extent with New South Wales), and yet the poundage rates agreed to by the Adelaide Conference of 1890 were regularly paid by the States during the whole ten years.

The resolution of 1890 was never rescinded, and the company had no reason to suppose, and never anticipated, that the rates paid thereunder could or would be discontinued. In fact, the company most distinctly looked forward to a continuance of these payments as part of the justification for their enterprise, for the risk they were running in doubling their expenditure on the route.