

3. Letters of the 3rd class, viz., those passing from one part of the same Province to another, are still chargeable as before, under the head of Ordinary Inland Letters, with the exception that in the Province of Canterbury the rate, which was previously only 1d., has been raised to 2d.

4. The only real loss of Postal Revenue consequent on the abolition of Local Rates, was on the Letters of the 4th class, transmitted from one Province to another, and forwarded to their ultimate destinations by Local Posts. The abolition of these, however, must have had only a very inconsiderable effect either one way or the other.

As regards Newspapers the present rules provide for the free transmission by Post of all such as are published in the Colony, but not of those published elsewhere. An abuse which threatened great inconvenience by unduly increasing the weight of the Mails is thus put a stop to. Newspapers.

A charge of 2d. has been imposed by the Imperial Government on Newspapers forwarded from the United Kingdom *via* Southampton and Suez, to the Australian Colonies, and the option has been given to these Colonies of imposing a like charge on Newspapers sent in the opposite direction. The benefit to be derived from accepting this proposal appeared likely to be so small in comparison with the inconvenience likely to be occasioned thereby to the public, that the Government has hitherto declined to act upon it. The unpopularity of this measure in Great Britain makes its reconsideration by the Home Government not improbable. For the present, however, while 2d. is charged upon Newspapers sent from the United Kingdom, those addressed to the United Kingdom pass free.

Looking at the present Rates and Regulations as a whole, and comparing them with those previously in force, the alterations effected may be summed up as follows:—

1st. The abolition of the various Special Rates levied under the "Local Posts' Act, 1856."

2nd. The abolition of all charges on Letters arriving in the Colony from beyond Seas.

3rd. The transmission without charge of such Letters to any part of New Zealand.

4th. The establishment of an uniform New Zealand Rate on all Letters for Foreign Parts.

5th. The establishment of an uniform New Zealand Rate on all Inland Letters, whether Inter-Provincial or otherwise.

6th. The establishment of an uniform Rate on Books for transmission within the Colony.

7th. The establishment of an uniform method of taxing Letters and Parcels.

The changes thus introduced have in various ways facilitated the business of the several offices. In the sorting of Mails for delivery—in the despatch of Mails—in the examination and preparation of accounts—and generally, by making less frequent than formerly, errors or complaints on the part of the public.

Before proceeding to the consideration of other matters, it should be mentioned in connection with the subject of Rates, that, by a Proclamation dated the 26th November of last year, a modification was made in the Rates established, so far as they affected the Official correspondence on Military and Naval matters. The effect of which was to relieve that correspondence from all charge on account of Postage; proper precautions being taken, however, against abuse.

It appears that correspondence of this nature passes free through the Post Offices of Great Britain, as well as through those Colonial Post Offices which are placed under the control of the Postmaster-General of Great Britain. It did not seem wise to decline to accede to the application made by the Secretary of State for the Colonies, for a relief from this charge, burdensome as it is, not so much on account of the actual sums paid as because of the additional trouble it gives in the accounts.

The number of Post Offices throughout the Colony has increased since the "New Zealand Post Office Act, 1858" came into force from 73 to 107, and the facilities for inland communication have become proportionably greater. Additional Post Offices.

The requirements of the service consequent upon the increase of population and the formation of new settlements will make it necessary to increase the latter number still further, and sufficient sums have accordingly been placed on the estimates for that purpose.

All the principal Post Offices are provided with separate buildings, with the exception of two—viz.: Dunedin and Napier, at which places the business is conducted in buildings occupied in conjunction with the Customs' Department. Post Office Buildings.

At the former of these places the accommodation is already too limited, and at the latter, looking to the great increase which has lately taken place in the correspondence of the surrounding district, it is likely soon to become so.

Moreover, as a matter of expediency, it is inadvisable that the business of the two Departments the Customs and Post Office should be thus carried on, under the same roof and in conjunction with each other, because the greatest pressure of work invariably occurs in both, just at the same time; that is to say, on the arrival and departure of Vessels. It is therefore desirable that, at both the above named places, the Customs and Post Office should, as soon as possible, be made independent of each other, and be provided with a separate staff.

Negotiations were entered into for this purpose at Dunedin with the Provincial Government of Otago, with a view to the occupation of a building in that town originally intended for a Mechanics' Institute. The rent demanded, however, (£150 per annum), appeared so much too high a sum, as to make it desirable to obtain some other premises on more favourable terms.