

Except the branches in Australia and the packet between Galle and Mauritius, the above services, so far as they are sea services, are performed by the Peninsular and Oriental Steam Navigation Company, and at the following annual cost:—

Services to India and China and so much of the Australian service as lies between this country and Galle	£230,125
Australian service between Galle and Sydney	119,500
	£349,625

To this sum must be added £19,550 for the branches in Australia, £12,000 for conveyance through Egypt, and £14,765 for miscellaneous expenses, but nothing at present for the service between China and Japan, that service having hitherto been performed by the Peninsular and Oriental Company gratuitously.

It thus appears that, exclusively of the expense of conveying a portion of the mails between Dover and Calais, and through France (for the latter of which an additional charge is made in the rate of postage) and exclusively of the expense of the inland service at each end, the present cost of the conveyance of the Indian, China, and Australian Mails, and of the Mauritius Mails (between this country and Galle) is nearly £396,000 per annum.

If from this sum be deducted the estimated amount of sea postage (about £236,000 per annum) it will be seen that the services in question are attended with an annual loss of £160,000, of which it may be roughly said one half is borne by India and the different Colonies concerned, and the other half by the mother country.

With the exception of Australia, the contracts under which the services are performed are terminable at any time on one year's notice; and on a notice of two years the Australian contract may also be terminated.

The postage on letters *via* Southampton, between India and this country, and Australia and this country, is sixpence the half-ounce letter; and it has, with a view of diminishing the great loss before referred to occasioned by the expense of the packet service, been proposed at different times to the Government of India, and to those of the Australian Colonies, to double the postage on letters, but those Governments have hitherto, with the exception of New South Wales, declined to accede to the proposals made.

My Lords now proceed to consider the recommendation of the Select Committee with regard to the establishment of a weekly communication with India *via* Bombay, and the discontinuance thereupon of the separate postal service between this country and Madras and Calcutta.

Adverting to the facilities which will be afforded by the early completion of the main lines of railway communication between the port of Bombay and Calcutta, Madras, the North-western Provinces, and the Punjaub, my Lords entirely concur in the opinion with the Select Committee that Bombay should be the port of arrival and departure of the mails to and from India, and that the time has arrived for the establishment of a weekly service to and from that country, and they will, on learning from the Secretary of State for India in Council that His Lordship concurs in these views, take the necessary steps for carrying them into effect.

Before, however, a final decision is arrived at, it may be well to consider whether, with a view of obtaining the best route through Europe towards Alexandria and Suez, and thereby expediting the conveyance of the mails between this country and India, it may not be advisable to substitute the port of Brindisi in the South of Italy for the port of Marseilles, from which port the mail *via* France is now sent.

It appears from the able Report of Captain Tyler, of the Royal Engineers, to the Postmaster-General, which my Lords have perused with much interest, that if the Brindisi route were made use of instead of that by Marseilles, there would be a saving in the time occupied in the conveyance of the mails between this country and Alexandria of thirty-five and a quarter hours previous to the construction of the Mount Cenis Summit Railway, of thirty-nine and a half hours after the construction of that railway, and forty-two and a half hours after the completion of the permanent tunnel line from St. Michel to Susa.

The great saving of time thus effected affords in the opinion of my Lords a conclusive reason for the adoption of the port of Brindisi as the port of communication with Alexandria instead of Marseilles, the more so as it appears that the Italian Government are willing and anxious to make every necessary arrangement for facilitating the conveyance of the British Mails through Italy.

It will be therefore necessary to give notice to the Peninsular and Oriental Steam Navigation Company of the intention of the Government to put an end to the contracts at present existing for the conveyance four times a month of the mails between Southampton and Alexandria, and Marseilles and Alexandria, and to call for tenders for a weekly service between Southampton and Alexandria, and Brindisi and Alexandria. It will also be necessary to give notice for the discontinuance of the two services per calendar month between Suez and Bombay, and of the two services per calendar month between Suez and Galle with in each case, the packet between Galle and Calcutta, and the other packet between Bombay and Galle, and from thence to China.

With regard to the conveyance of mails to China and Japan, my Lords are of opinion that the service to be constituted for the conveyance of the Indian mails should be made use of as far as Aden, and with this view it will be necessary, instead of the mails for these countries being despatched twice a month as at present, that the service should be converted into one, once every fortnight, and tenders will therefore have to be called for a fortnightly service between Aden and Japan, touching at Galle, Penang, Singapore, Hong Kong, and Shanghai, the parties tendering to state for what additional subsidy they would be willing to continue the service from Aden to Suez.

As respects the time to be allowed in each instance for the performance of the new service, the Postmaster-General proposes to act on the plan which has for some time been in use, *viz.*, to ascertain what would be the charge, both at the present rate of sailing and at a higher rate, so as to enable this