

Board to decide whether or not the increased speed would warrant the increased expense, my Lords, adverting to the recommendation of the Select Committee, "that the time table should be based on a prescribed speed of not less than eleven nautical miles per hour on the voyage between Marseilles and Alexandria, and ten miles per hour between Suez and Bombay; but that the tenders be required to state also terms in each case for higher rates of speed, of not less than one additional half-mile per hour," are of opinion that the proposed course of proceeding by the Duke of Montrose should be adopted.

As it is probable that the expense of the proposed weekly service to and from Bombay, and the fortnightly service to and from China and Japan, will considerably exceed the amount of the postage which will be received on the correspondence forwarded by these services, it is necessary that some arrangement should be made as to how the excess in these cases is to be met.

With regard to the India service there can be no question but that, as at present, it should be made good in equal proportions by the Indian and Home Governments, but with respect to the China service, adverting to the opinion expressed by the Select Committee, that "the arrangements under which India now defrays a moiety of the net cost of the China service, after deducting the postal receipts, will not under the proposed arrangements be equitable as regards that Government, and should be modified;" it is necessary to consider what modification it will be expedient to make. The contract packet from Bombay to Galle, and thence on to China, by which line my Lords presume the correspondence between India and China has been hitherto conveyed being about to be discontinued, it appears to my Lords that it will be necessary for the India Government itself to provide fortnightly the means of conveying the correspondence between India and China, at any rate as far as Singapore, in which case the only claim which could fairly be made on the Indian Government on account of the China mail service, would be for the conveyance of its correspondence between Singapore and China and Japan by the contract packet from Point de Galle.

It is reasonable to expect that great expense will be imposed by these services on the British and Indian exchequer, and my Lords propose to reserve for future consideration whether it would be expedient to reduce such expense by raising the postage of letters between this country and India, and they propose in the meantime to call the attention of the Secretary of State for India to this question.

The large and important island of Ceylon has hitherto not contributed towards the loss incurred by the packet service by which its correspondence with this country has been conveyed, my Lords are of opinion that the time has now arrived when it may fairly be called upon to contribute towards the loss in question in proportion to its correspondence, at any rate so long as the postage on letters to and from Ceylon continues at the moderate rate of sixpence the half-ounce letter, and my Lords would be glad if the Secretary of State for the Colonies will make an intimation to this effect to the Government of that island.

With respect to the postal communication *via* Suez with the Australian Colonies: It is at present a monthly service, the mails being despatched to Alexandria on the 20th of each month *via* Southampton, and on the 26th *via* Marseilles. From Suez the mails are conveyed as far as Point de Galle by the Calcutta packet corresponding with that leaving Southampton on the 20th of the month, and from Point de Galle they are carried by vessels of the Peninsular and Oriental Company, under a contract recently entered into with that Company, but which is terminable on a notice of twenty-four months being given by either party.

Various complaints having reached this Board from the Australian Colonies of the manner in which the Peninsular and Oriental Steam Navigation Company have hitherto carried on the service, and the Colony of New South Wales having gone so far as to give notice of their intention to withdraw from their share in the contract, it appears to my Lords (although they do not think there are sufficient grounds for these complaints, and are of opinion that on the whole the service has been well performed,) that it would be advisable also to serve notice on the Company, that, at the termination of twenty-four months, the present contract for the conveyance of the mails between Point de Galle and Sydney will be discontinued.

As the mails to India will hereafter be carried weekly instead of four times a month, and those to China fortnightly instead of twice a month, it will be necessary, unless a service expressly for the conveyance of the Australian mails between this country and Alexandria, and Brindisi and Alexandria, is provided, that the Australian mail service should also be altered from a service once a month to a service once every four weeks, so as to render the packets conveying the India and China mails to Alexandria, and the China mails to Point de Galle, available for the conveyance of the Australian mails as far as Point de Galle. It is true that it might be possible to make use of the vessels of the Messageries Impériales, which are under contract with the French Government for the conveyance of mails monthly between France and China, for the carriage of the Australian mails as far as Point de Galle, but my Lords are given to understand that the expense of making use of these vessels would amount to very considerably more than the extra expense which would be incurred by the conversion of the service to those Colonies from a monthly to a service once every four weeks.

It now becomes necessary to consider in what manner the service between Point de Galle and the Australian Colonies is to be provided for on the discontinuance of the present contract with the Peninsular and Oriental Steam Navigation Company. My Lords would be glad if the Australian Colonies would themselves in combination undertake to provide this service, in which case they would as at present, be prepared on behalf of the Imperial Government to defray one half of the reasonable cost of such service; and they would suggest that the Secretary of State for the Colonies should communicate with the different Colonial Governments with a view to such an arrangement being carried out. If, however, the several Colonial Governments should find it impossible to come to a common understanding on the subject, and to adopt a practical arrangement, the Home Government will not refuse to undertake to make the necessary contract for providing the service between Point de Galle and Sydney: it must be, however, on the distinct understanding that they shall agree each and all to whatever arrangements the Home Government may consider most conducive to the interests of the mother country and of the Colonies collectively. My Lords, however, would much prefer that the Colonies themselves should, in combination, make the contract or contracts for the service in question.