

(when the existing contract with the Peninsular and Oriental Company will expire) of the Eastern and Australian mails, and the proposed abandonment of the service *via* Southampton.

I now enclose for the information of your Government copies of a correspondence between the Treasury and this Department upon which that telegram was founded.

The Officer Administering the Government
of New Zealand.

I have, &c.,

M. E. HICKS BEACH.

Enclosure 1 in No. 3.

The TREASURY to the COLONIAL OFFICE.

SIR,—

Treasury Chambers, 23rd July, 1879.

I am directed by the Lords Commissioners of Her Majesty's Treasury to transmit to you herewith, for the information of the Secretary of State for the Colonies, copy of a letter from the Postmaster-General, dated the 17th instant, respecting future arrangements for the conveyance of the portion of the Eastern mails now carried *via* Southampton; and I am to request you to move Secretary Sir Michael Hicks Beach to favour my Lords with any observations he may have to offer in regard to the proposals contained therein so far as they affect the correspondence with the Australian Colonies, New Zealand, Ceylon, the Straits Settlements, and Hong Kong.

I have, &c.,

The Under-Secretary of State, Colonial Office.

H. SELWIN IBBETSON.

Sub-Enclosure to Enclosure 1 in No. 3.

The POST OFFICE to the TREASURY.

MY LORDS,—

General Post Office, 17th July, 1879.

When the arrangements were made last year for the sea-conveyance of the Eastern mails after the 1st February next, when the existing contract with the Peninsular and Oriental Company will expire, it was determined to make no provision for a service between Southampton and Suez, and accordingly that line is omitted in the new contract. It remains now to consider by what means the correspondence which is at present being forwarded by the Southampton route shall be sent after February.

In the early part of this year I put myself in communication with the Post Offices of France and Italy, for the purpose of ascertaining what abatement they would respectively be willing to make in the amount of the transit rates now paid to those offices for the special weekly conveyance between Calais and Brindisi of the accelerated portion of the Eastern mails, provided the whole of the correspondence of every description was forwarded by that route. It is only very recently that I have received a definite reply from Italy. The following is the result: The French office will agree to reduce its transit rates from 15fr. 52c. per kilo. for letters, 60½c. per kilo. for newspapers, 1fr. 21c. per kilo. for books, to 10fr. per kilo. for letters, 50c. other articles; and the Italian Post Office will reduce its rates of 100fr. per kilo. for letters, 50c. other articles, by about 35 per cent. These concessions would reduce the special transit charges on letters by about 9fr. per kilo., leaving payable about 16½fr. per kilo.; and after full consideration I have come to the conclusion that it will be desirable to accept the offers made, and to send the entire mail by the route of Brindisi and by the weekly mail.

In a correspondence which I have had with the Director-General of the Indian Post Office, he expressed an opinion that, when the Southampton mail-packets are withdrawn, all letters, &c., paid at the Southampton rate of postage should be forwarded *via* Brindisi by the ordinary mail-trains of France and Italy, so as to obtain the benefit of the ordinary union transit rates; but I cannot advise such an arrangement, which could not fail to give rise to much dissatisfaction.

In the case of the outward mails, supposing the accelerated mail to be despatched from London on the evening of every Friday, as at present, and a packet to leave Brindisi early on Monday morning, letters sent by the ordinary trains might be posted in London up till the evening of a previous day (Thursday) and reach Brindisi in time to catch the packet. In the opposite direction, the mails for England reaching Brindisi from the East would, if sent through Italy and France by the ordinary trains, arrive in London only about twenty-four hours after the express mail; or, if a Sunday intervened, both portions of the mails might be delivered together. The consequence of this would be, that the bulk of the letters would assuredly be diverted from the quick to the slow mail, seeing that the difference in time would be so trifling. If such were the case, there would be a risk that, on the one hand, the payments to France and Italy for the accelerated service might be diminished to an extent which would lead to a demand for higher transit rates; and that, on the other hand, the weight and bulk of the correspondence sent by the ordinary trains might become so great as to impose extraordinary charges for its conveyance, and thus induce the French and Italian offices to decline to accept the ordinary union transit rates.

The right course, in my opinion, is, as I have said, to send the whole of the Eastern mails by the accelerated service. At the same time, I propose that the single rate of postage to be levied on letters to or from India, China, &c., should not exceed 5d., which is 1d. less than