

1. My Lords cannot, after all the discussions which have taken place upon this subject, be surprised that the different Colonies should view with favour and even insist upon plans which, from the geographical position of the Colonies, promise to confer peculiar advantages upon them, and that in this respect the requirements of some may be at variance with the interests of others or of the whole. And my Lords fear that a great delay would take place, if they were to wait until these differences should be adjusted among the Colonies themselves.

2. My Lords are convinced, from the whole tenour of the correspondence now before them, that all the Colonies are now so much in earnest in their desire to see a permanent steam-postal communication established, that they will be ready to sink any minor differences of opinion, and to submit to slight disadvantages in order to secure the far greater benefits which will result from a well-considered general scheme.

3. My Lords are further induced confidently to believe that each Colony will accept a general plan, prepared by the Home Government after full consideration, in the full conviction that, as it is proposed without any bias or leaning in favour of any one Colony, it may be assumed as that which is the best calculated to meet the public wants.

The principle upon which the postal communication between England and the Australian Colonies has latterly been conducted, is, that a postage of 6d. for a single letter has been charged, of which 4d. was understood to represent the sea rate, 1d. for collecting or delivering a single letter in any part of the United Kingdom, and the same in any part of the Colonies; so that the whole cost of sending a letter from any part of the United Kingdom to any part of the Australian Colonies, or *vice versa*, should not exceed 6d.

As the whole cost of the packet service has hitherto been borne by the Imperial Government, the portion of the postage which represented the sea-service has been accounted for to the Home Post Office, so that of the 6d. charged, 5d. has been appropriated to England and 1d. to the Colony receiving or despatching the letter, as the case might be.

My Lords have already adverted to the heavy charge which has hitherto been imposed upon the British Exchequer from the loss which has attended this arrangement, and to the circumstance that they would not feel justified in adopting the still heavier loss which would attend the improved service which the Colonial authorities think absolutely required for their present wants. But this difficulty is happily removed by the enlightened view taken by the Colonial authorities, and their willingness to defray a share of the loss which shall be incurred in securing a regular monthly steam communication. This loss, though it will be great at first, may fairly be expected rapidly to diminish by the increase of the postal revenue, consequent not alone upon an increasing population, but also upon the establishment of a more frequent and regular service. And it may also be hoped that, before many years shall pass, the increased communication may enable contracts for the conveyance of mails to be made upon considerably more favourable terms.

With a view to effect such an arrangement, there are two modes which might be adopted :

1. The present plan might be continued by which the Home authorities defray the whole cost of the sea-service, receive the entire sea-postage, and might then divide the net annual loss between the Home Government and the different Colonies in proportion to be fixed. Or,

2. It might be arranged, as has been suggested by Sir William Denison, that each Colony should receive the postage of all the letters forwarded by it to the United Kingdom or to either of the other Colonies, and that the Home Post Office should receive the postage upon all letters outward, in which case the entire cost of the sea-service would be divided in the proportions determined upon, in place of the balance of loss; but in the adoption of this plan it would be necessary to introduce the system of compulsory prepayment.

It appears to my Lords that the latter plan presents in many respects very important advantages. In the first place, as it may be reckoned that upon an average of the whole year about the same number of letters are sent to and received from each Colony, the plan would practically amount to an equal division of the postage between the Colonies and the United Kingdom, while the inter-Colonial postage would go entirely to the Colonies. In the next place the system of intricate accounts at present subsisting between the Home Post Office and each of the Colonial Offices, in order to show the amounts collected for and due to the former, might be entirely dispensed with. And in the last place it would leave the Home Government and each Colonial Government free to regulate their rates of postage in any way they thought fit, within the terms of existing Treaties, so far as regards foreign States. It would of course be stipulated that a letter from England should be delivered in any part of each of the Colonies for the payment charged in England, and, *vice versa*, that any letters posted in the Colonies should be delivered in any part of the United Kingdom without any additional charge to that made in the Colony. My Lords are therefore prepared to adopt the suggestion made by the Australian authorities on this point, to make prepayment necessary, and that each post-office should retain the postage collected by itself as its own proper share of the whole. It will, however, be neces-