

spondence, and the additional foreign transit rates on such of the correspondence as is forwarded *via* Brindisi) is handed over to the respective colonies should be modified; and that a larger share of such postage should accrue to the Imperial Post Office than it now receives, towards defraying the expense which it incurs in the conveyance of such mails.

Although perhaps the fair solution of this question would be for the Colonial and Imperial Post Offices each to retain the postage which they collect, my Lords will not now prefer such a demand; but the modification they would propose is that from the commencement of next year, and until the 1st February, 1880, the Imperial Post Office, instead of merely retaining, as at present, the British inland rate of 1d. on outward letters, shall keep 4d. out of the postage of 6d., on all letters sent from this country to the Australian Colonies and New Zealand, handing over to the colonies the remaining 2d., the colonies on their side retaining, as they do now, the whole of the postage of 6d. on the homeward letters; but accounting, however, as at present, for the additional rates upon such letters as are sent from the colonies by the route of Brindisi, such rates being levied to defray the cost of transit through Italy and France.

According to the principle above laid down, two-thirds of the postage on the outward correspondence will accrue to the Imperial Post Office, and the same principle will of course be applicable to the intermediate correspondence (*e.g.*, to letters from the Continent of Europe, India, China, &c., addressed to the colonies), and to the outward postage of newspapers, books, and patterns.

I am, in conclusion, to request that a copy of this letter may be communicated to the Governments of the respective colonies for their information.

R. G. W. Herbert, Esq., Colonial Office.

I have, &c.,

WILLIAM LAW.

Sub-Enclosure 2 to Enclosure 2 in No. 24.

The COLONIAL OFFICE to the TREASURY.

SIR,—

Downing Street, 6th June, 1878.

I have laid before the Secretary of State for the Colonies your letter of the 23rd ultimo, stating that the Lords Commissioners of the Treasury are prepared to sanction the continuance, until the termination of the present contract with the Peninsular and Oriental Steam Navigation Company, of that portion of the existing arrangement under which the Imperial Government undertakes, until the end of the present year, to convey, free of charge to the colonies, the Australian and New Zealand mails to and from Galle, Singapore, and San Francisco; but that their Lordships are of opinion that a modification should take place from the commencement of next year to continue to the 1st February, 1880, in the arrangement as to postage on the correspondence conveyed, by which a larger share may accrue to the Imperial Post Office.

Before transmitting a copy of your letter to the Governors of the colonies concerned, Sir Michael Hicks Beach would be glad to be furnished with a statement explanatory of the reasons for which their Lordships propose this modification of the arrangements which, after much discussion, were agreed upon in 1873, in order that the Colonial Governments may at once have before them the necessary information.

The Secretary of the Treasury.

I have, &c.,

J. BRAMSTON.

Sub-Enclosure 3 to Enclosure 2 in No. 24.

The TREASURY to the COLONIAL OFFICE.

SIR,—

Treasury Chambers, 15th June, 1878.

The Lords Commissioners of Her Majesty's Treasury have had before them Mr. Bramston's letter of the 6th instant, requesting to be informed of the reasons which have induced them to propose a modification of the arrangements under which the mails for the Australian Colonies and New Zealand are now conveyed.

I am commanded to request that you will observe to Secretary Sir Michael Hicks Beach that the arrangements referred to were limited in 1873 to a period which will expire at the end of the present year. Her Majesty's Government having, at that time, expressly declined to agree to their being extended beyond such period, my Lords need only refer the Secretary of State to the letter from this Board of the 21st August, 1873, and to the Earl of Kimberley's despatch of the 15th September following.

On the receipt of Mr. Malcolm's letter of the 24th November last, forwarding copy of a despatch from the Governor of Victoria, requesting the extension of the present postal arrangements until the 1st February, 1880, my Lords referred the matter for the consideration of the Postmaster-General. A copy of His Lordship's report thereon, dated 10th December last, is forwarded herewith for the information of the Secretary of State; and I am at the same time to state that my Lords, concurring in his observations, felt that they were warranted in proposing the modifications referred to in their letter of the 23rd ultimo, whereby a larger share of the postage on the outward correspondence with the Australian Colonies and New Zealand than it now receives would accrue to the Imperial Post Office.

My Lords would only further remark that, taking the entire postage on the correspondence outwards and homewards as one, the Imperial Post Office will only retain one-third, whilst two-thirds of the whole postage will accrue to the respective colonial Post Offices.

R. G. W. Herbert, Esq., Colonial Office.

I have, &c.,

WILLIAM LAW.

Sub-Enclosure 4 to Enclosure 2 in No. 24.

LORD JOHN MANNERS to the LORDS of the TREASURY.

MY LORDS,—

General Post Office, 10th December, 1877.

I have the honor to return the letter from the Colonial Office on the subject of the Australian Mail Service, which was referred to me by your Lordships on the 28th ultimo.