

That letter covers a copy of a despatch from the Governor of Victoria, calling attention to the arrangement made by Her Majesty's Government with the Governments of the several Australian Colonies and of New Zealand, in 1873, with respect to the carriage of the mails between the mother-country and those colonies.

The five years which that arrangement was to last will expire in December, 1878, and the Governor urges that it should be extended until the 1st of February, 1880, on which day the contract entered into between the Government of Victoria and the Peninsular and Oriental Steam Navigation Company, on the 10th of June, 1873, will expire.

I do not feel myself at liberty to recommend a compliance with that request.

The question was very attentively considered at the time. Your Lordships' predecessors stated very decidedly, in a letter to the Colonial Office dated the 21st August, 1873, that Her Majesty's Government declined to bind itself to the new arrangement for a longer period than five years, and that decision was communicated, in as decisive terms, to the Governor of Victoria, in a despatch dated the 15th September of that year.

It appears to me desirable to adhere to the resolution then come to, more especially as (so far as the Australian mails forwarded *via* San Francisco are concerned) the mother-country is in a much less favourable position than she was in 1873, when the arrangement was made. At that time the contracts with the Cunard and Inman Companies were in force, and, as they were paid fixed annual subsidies, no increased cost was incurred in consequence of mails for Australia being sent to New York with the American mails.

At the present time a subsidy after the rate of 4s. per lb. for letters, and 4d. per lb. for printed papers and patterns, is paid for the conveyance of the Australian mails from Queenstown to New York.

A largely-increased payment has also been made since October, 1876, to the United States Post Office, for the land-carriage between New York and San Francisco, of the newspapers, printed papers, and patterns contained in the Australian mails, the transit rate having been raised from 6 cents to 1 franc per lb.

Under the scheme sanctioned in 1873, the mother-country retains its inland rate—1d. per half-ounce—on all letters sent to Australia or New Zealand, but pays over to the colonies the remainder of the postage collected, less the additional foreign transit rates levied on such of the letters as are forwarded by the route of Brindisi, which foreign rates are paid to the French and Italian Post Offices.

On the other hand, the mother-country bears the cost of conveying by sea, as far as Point de Galle, Singapore, or New York, the Australian and New Zealand letters, as well as the charge made by the United States Post Office for the land transit over the American territory, of letters, &c., sent *via* San Francisco.

On the homeward correspondence the mother-country receives nothing.

The colonies account to this office for the foreign transit rates levied on letters from the public *via* Brindisi; but this office has to pay the whole amount to Italy and France.

While obtaining no part of the postage, the mother-country undertakes to convey, at its sole expense, the mails from Singapore, Point de Galle, or New York, and also defrays the United States transit charges on the letters to be brought by the San Francisco route.

The Lords Commissioners of Her Majesty's Treasury.

I have, &c.,

JOHN MANNERS.

Enclosure 3 in No. 24.

The AGENT-GENERAL for Victoria to the Hon. the CHIEF SECRETARY, Melbourne.

(Telegram.)

London, 19th July, 1878.

IMPERIAL Government declines carry mails to Galle, Singapore, Frisco beyond end year, present terms. Ask, instead, two-thirds postage collected this side. Agents-General (excepting Forster, absent) propose joint remonstrance. Acquaint other Governments, as desirable all act together. Instruct us.

The Hon. the Chief Secretary, Melbourne.

ARCHIBALD MICHIE.

Enclosure 4 in No. 24.

The AGENT-GENERAL for NEW ZEALAND to the SECRETARY of STATE for the COLONIES.

SIR,—

7, Westminster Chambers, Victoria Street, S.W., 24th July, 1878.

I have the honor to acknowledge the receipt of your despatch of the 5th of July, enclosing copy of a despatch sent by you to the Governor of New Zealand, relating to a change which the Lords Commissioners of the Treasury propose should be made after the close of the present year, with respect to the proportion in which the postage on correspondence passing between the colonies and this country should be divided by the Imperial and Colonial Governments.

Sir Archibald Michie, the senior Agent-General, has already, on behalf of other Agents-General, asked you to receive them, to enable them to make a personal representation on the subject of the correspondence under consideration.

It may, however, be convenient that the nature of their remarks should first be placed before you in writing; and I do myself the honor to bring under your notice the scope of the representations which I propose to make on behalf of New Zealand.

I take on myself the responsibility of protesting most strongly, on behalf of the colony, against the proposed change, both on account of its arbitrary and its excessive nature.

It would be well to briefly describe the circumstances which have led to the subsisting arrangement which it is now proposed to supersede. Up to the close of 1873, the mails to Australia were