

Assuming that the weights for the next two years are about the same as for 1886, the saving resulting from the reduction of rates may be estimated at £22,000* a year; and there seems to be no reason for anticipating any considerable diminution of weights. But, as the Post Office has resumed the liberty to divert correspondence to other routes, it has been necessary as a pledge of good faith to guarantee a minimum annual payment of £30,000 to France, and £25,000 to Italy: total, £55,000.

It is, of course, understood that, during the currency of the new arrangement, this department will not set up a rival Continental route *viâ* Suez, to the detriment of the French and Italian route; but, so far as regards the western routes to Australia and the East, and direct communication by sea, the British and colonial Post Offices will be at liberty to send such correspondence as they please to send, and, so far as letters and postcards are concerned, even to charge rates of postage lower than those charged for correspondence sent *viâ* Brindisi. As regards newspapers, books, patterns, &c., there is no reason to apprehend that any differential rates will be found necessary, at all events during the next two years; and the Postmaster-General's delegate found, in the course of his final negotiations with the French Post Office, that a certain $\frac{1}{2}$ fr. per kilogramme, which it was most important to get taken off the price for letters and cards as an ultimate concession, would, in fact, be taken off if he could guarantee that, so far as newspapers, books, &c., were concerned, the Franco-Italian route should not be undersold during the next two years, by charging the public a lower rate for such correspondence when sent by the long sea route. The Postmaster-General therefore authorised him to give that assurance. At the same time the Post Office will be perfectly free to send that class of correspondence, as well as letters, by other routes if it be found advantageous to do so.

The present arrangements have been entered into for only two years certain. If it be found desirable to reopen the question the year after next, the Postmaster-General will be in a position to terminate the agreement with the close of that year by giving notice to that effect on the 30th of June, 1889.

In connection with the reduction of the rates payable by the Australian Colonies to Italy for correspondence passing between those colonies and Europe *viâ* Brindisi, it is hardly necessary for Mr. Raikes to remind Sir Henry Holland of what passed at the Colonial Conference. The Secretary of State will remember that it was proposed to execute with the Italian Post Office an agreement similar to that which the Postmaster-General executed in 1883 with the French Post Office, for regulating the postal relations between France and the Australasian Colonies; and the negotiation of such an agreement at Rome was to be conducted together with the negotiation of the larger matter of the special-train service. The Postmaster-General's delegate was empowered accordingly to deal with the two questions together; and, having obtained from the Italian Post Office certain important concessions for the offer of his good offices in the matter of the agreement, he settled the terms of a draft instrument, which was accepted by both parties, subject to the confirmation of Her Majesty's Government.

A copy of the draft agreement is sent herewith for Sir Henry Holland's consideration, and I am also to enclose a print of the Franco-Australian agreement, in case it should be required for reference. Mr. Raikes does not doubt that the Secretary of State will at once assent on the part of the colonies to the execution of the agreement with the Italian Post Office, which has been submitted to the Lords of the Treasury for their sanction.

As the Italian Post Office is desirous that this part of the understanding now arrived at should be carried out without delay, Mr. Raikes would be glad to meet the Director-General in the spirit of conciliation that has been shown at Rome in these negotiations; and I am therefore to suggest that the concurrence of the colonies concerned may be obtained, if necessary, by telegraph, unless it has already been received by post.

I am to take this opportunity of mentioning that the Postmaster-General's delegate was accompanied as far as Paris by Sir Saul Samuel and Sir Graham Berry, the Agents-General for New South Wales and Victoria, and received their cordial co-operation and advice in settling a basis of negotiation with the French Post Office; and of this service the Postmaster-General wishes to place his appreciation on record.

I have, &c.,

The Under-Secretary of State for the Colonies.

S. A. BLACKWOOD.

ITALY AND AUSTRALASIA.—DRAFT AGREEMENT for regulating the POSTAL REGULATIONS between—

(1) ITALY and the Rest of EUROPE *viâ* ITALY; and (2) AUSTRALIA, NEW ZEALAND, TASMANIA, and the FIJI ISLANDS.

AGREEMENT regulating the exchange of correspondence between Italy and the British Colonies of Australia, New Zealand, Tasmania, and the Fiji Islands, as well as the cost of conveyance of mails sent from Italy or any other European country *viâ* Italy to the above-mentioned British colonies, and *vice versâ*:

The Postmaster-General of the United Kingdom of Great Britain and Ireland of the one part, and the Minister of Public Works of Italy of the other part, having regard to the Universal Postal Union Convention signed at Paris the 1st of June, 1878, and the additional act to that Convention signed at Lisbon on the 21st of March, 1885, have agreed as follows:—

ARTICLE I.—There shall be paid to the British Post Office for the conveyance by sea of correspondence forwarded by British packets either from Italy or from other European countries *viâ* Italy for Australia, New Zealand, Tasmania, and the Fiji Islands, the sum of 25fr. for each kilogramme of letters and, if any, of postcards, and 1fr. for each kilogramme of other articles. In case Italian packets calling at Australasian ports are established, such packets shall be at the disposal of Great Britain and the colonies in question on the same terms.

* The proportion of this reduction which would apply to mails to and from Australia may be roughly estimated at £14,000, of which £8,000 would be for the outward mails and £6,000 for the homeward.