

the arrangements which had been made by Her Majesty's Postmaster-General for the transmission of mails by the Panama New Zealand and Sydney Mail Steamers, and with the rates of postage which had been fixed for correspondence to be sent in those mails, as well as the amount of postage which will have to be accounted for by this department to the General Post Office in London on correspondence from New Zealand for other British Colonies and foreign countries.

Your letter did not reach Wellington in time to admit of some of the instructions it conveyed being given effect to in the case of the mails despatched from hence on the 24th June and 24th July. I presume however that in the case of any correspondence for which the proper amount of postage, has, owing to this circumstance, not been credited in the letter bills to the British Packet Agency at Panama, or to the Post Office in London, the necessary corrections will have been made at these offices. Henceforward the instructions above mentioned will be carried into effect as far as practicable.

An officer of this department who was despatched by the "Kaikoura" on the 24th June (before the receipt of your letter under reply), to make any arrangements that might be found necessary for the transmission of mails across the Isthmus,—reports to me that he was requested by the British Packet Agent at Panama to have the correspondence from New Zealand to the United States, California, Costa Rica, Salvador, Nicaragua, Honduras, Guatemala, and each of the British West India Islands, made up in closed mails addressed to those places. As this however appears to be at variance with the desire expressed by you,—that the correspondence in question should be forwarded in one mail, addressed to Panama, I shall feel obliged by more definite instructions on the subject: until these can be received, the correspondence referred to will be sorted into separate bags, but these will be delivered open to the British agent at Panama.

I gather from your letter that all correspondence for New Zealand, not specially directed to be sent *via* Panama, and posted in the United Kingdom between the 2nd and the 20th of the month, is forwarded *via* Suez, and that posted between the 20th and the 2nd, is unless otherwise specially directed, sent *via* Panama. As however correspondence for Wellington, Picton, Nelson, New Plymouth, and Napier, even if posted before the 20th of the month, will reach its destination sooner if kept back for the mail *via* Panama, than if sent *via* Suez, I beg to request that no correspondence for those places may be sent *via* Suez, unless specially so directed.

You will have been informed by the letter from my predecessor of 24th July, that it was the wish of this Government, the same rates of postage should be charged on letters, &c., forwarded *via* Panama, as on those sent by way of Suez. It is probable that a modification will have to be made on those rates so far as regards newspapers and book packets, but pending more definite arrangements between this Colony and New South Wales, and also the consideration of the whole question by the General Assembly of this Colony, I shall feel obliged by the Suez rates being adhered to.

I shall also be glad to be informed whether an arrangement can be made under which this Colony shall collect only the postage which will belong to it, leaving the charge for the conveyance of letters, newspapers, &c., from Panama, or from London to other British Colonies and foreign countries, to be collected on delivery.

It will be a convenience to this department, if, instead of including the correspondence for all the Australian Colonies in the mails for New Zealand *via* Panama, you will be good enough to cause the correspondence for Queensland, New South Wales, Victoria, Tasmania, South Australia, and Western Australia, to be made up in separate mails for Sydney, transmitting to this department a copy of the letter bill.

The Secretary, General Post Office, London.

I have, &c.,

JOHN HALL, Postmaster-General.

No. 40.

Copy of a Letter from the Hon. POSTMASTER-GENERAL, New Zealand, to the Hon. POSTMASTER-GENERAL, Sydney.

SIR,—

General Post Office, Wellington, 8th September, 1866.

I have the honor to transmit herewith copy of a letter dated 3rd May, from the Secretary to the General Post Office, London, enclosing tables of postage rates to be accounted for by this department to the Imperial Government on correspondence to certain colonies and foreign countries forwarded from New Zealand and Australia in the mails to Panama and the United Kingdom.

It appears from this communication that the London Office has debited and continues to debit New Zealand with the rates specified in those tables on all such correspondence, whether from Australia or New Zealand, received at the British Post Offices in Panama and London, and also with the cost of transporting the Australian Mail across the Isthmus of Panama; which cost amounts to elevenpence per pound on the whole bulk of the mail, whether letter, newspaper, or book packet.

I request, therefore, you will be good enough to take the necessary steps for crediting this department with the proportion of the charges above referred to, which may be applicable to the mails that have either already been or may hereafter be forwarded from Sydney.

The Hon. the Postmaster-General, Sydney.

I have, &c.,

JOHN HALL, Postmaster-General.

No. 41.

Copy of a Letter from the Hon. COLONIAL SECRETARY, New South Wales, to the Hon. COLONIAL SECRETARY, New Zealand.

(No. 66-3832, 66-85.)

New South Wales,

SIR,—

Colonial Secretary's Office, Sydney, 1st September, 1866.

I have the honor to acknowledge the due receipt of your letters, No. 245, of 23rd July, and No. 259, of the 13th ultimo, on the subject of the Panama Steamship Service, and I now return for the