

the Government. In that case, however, the subsidy paid was a fixed annual sum, and no additional payment had to be made in consequence of the New Zealand mails being so forwarded. But the transmission of these mails by way of the United States will take place under very different circumstances. One of the lines of packets by which a large portion of the correspondence is weekly forwarded to the United States is provided under a contract, according to which a payment is made for every ounce of letters and every pound of printed papers carried; and, in addition to this, transit rates must be paid to the United States Post Office for the territorial conveyance through the United States of the whole of the letters and printed papers contained in mails for New Zealand sent by that route.

As respects the mails in the opposite direction, they are all carried by mail packets maintained at the expense of the United States Post Office, and credit must be given by this office to the United States Post Office, not only for the territorial transit postage, but also for the sea postage from New York to this country.

The rates now levied in the United Kingdom on correspondence addressed to New Zealand *via* Southampton and Suez, and which you propose should be charged by the new route, will not, as respects newspapers, books and patterns, be sufficiently high to provide for their conveyance to New York and their transit through the United States; but looking at the strong objections expressed by the Governments of New Zealand and the Australian Colonies some years ago, when it was proposed to increase the charge on printed papers sent from the United Kingdom, the Postmaster-General has thought it inexpedient to make any addition at the present time; but I am to point out that, if these low rates are to be maintained, it must be on the distinct understanding that the Government of New Zealand will repay this office for any outlay it incurs in the transmission of the mails. The whole postage, however, collected here on the correspondence despatched must be retained.

The rate of 6d. per half-ounce on letters will provide for their conveyance as far as San Francisco, and for the conveyance from San Francisco to England of the letters sent in the opposite direction, on which nothing will be collected here. The rates on newspapers, books, and patterns will simply provide for their conveyance as far as New York. The United States transit rate of 3d. per pound must therefore be accounted for by New Zealand to this country, by which the payment will be made to the American Post Office.

On newspapers, books, and patterns sent from New Zealand to the United Kingdom, no postage will be collected on delivery in this country; and as this office will have to pay to the United States Post Office 3d. per pound for territorial transit, and 3d. per pound for sea conveyance by its mail packets from New York to this country, those amounts must further be repaid by New Zealand.

The Postmaster-General has embodied these views in a letter which he has just addressed to the Lords of the Treasury.

It is observed that the contract entered into does not provide for a service beyond Sydney, in the first instance; but that power is taken to extend the service to Melbourne, provided satisfactory arrangements can be made with the Government of Victoria, and, on this point, the Postmaster-General desires me to request that you will be good enough to keep this office duly informed of any arrangements which may be made in this respect.

In a separate letter to you of this date, I have explained in detail the arrangements which have been adopted for the making up and despatch of mails by the new route; but there is one other point to which I may refer in the present letter, viz., the power vested in you by the contract to delay the departure of the packet from any port for twelve hours only. It appears to the Marquis of Hartington that this is a very short time as respects the departure from San Francisco, considering the long distance which the mails from the United Kingdom have to be conveyed, and the risks of delay to which they are unavoidably exposed.

The Postmaster-General, Auckland.

I have, &c.,  
JOHN TILLEY.

No. 21.

MEMORANDUM by Mr. GRAY, Inspector of Post Offices, attached to the foregoing Letter. If I understand this letter rightly, the London Office will defray from their postages the expense incurred for conveying the letter portion of their mails as far as San Francisco, which is at the rate of 3d. per half-ounce, and will also apply the remaining 3d. to defraying the cost for conveying the letter portion of our mails from San Francisco to England. They will also defray the cost for conveying the newspaper and book portions of their mails as far as New York; but the cost of their further conveyance thence to San Francisco, at the rate of 3d. per pound, will be a charge against this Department, as also the cost of conveying the newspaper and book portions of our mails between San Francisco and England, at the rate of 6d. per pound.

If this view be correct, the account for transit conveyance of the outward mail of the 2nd April last, and of the inward one received on the 15th instant, will be nearly as follows:—

OUTWARD MAIL.

| Description.              | Weight. |     | Cost of Conveyance chargeable against New Zealand. | Estimated Receipt in Postage. |
|---------------------------|---------|-----|----------------------------------------------------|-------------------------------|
|                           | lbs.    | oz. | £ s. d.                                            | £ s. d.                       |
| Letters ... ..            | 539     | 2   | 59 11 0                                            | 575 1 6                       |
| Newspapers ... ..         | 1,862   | 5   | 46 11 2                                            | 56 10 8                       |
| Books and Patterns ... .. | 86      | 2   | 2 3 0                                              | 6 9 0                         |
| Totals ... ..             | 2,487   | 9   | £108 5 2                                           | £638 1 2                      |