

I find from Mr. Blackfan's letter, that \$89,277·27 was paid to the United States in the fiscal year 1880, and \$94,515·69 in 1881. In round numbers, therefore, the transit charges amount to £20,000 a year, and it was the appropriation of this sum exclusively to the use of the colonial Treasuries I have been working for. I also find from the Postmaster-General's last report that \$13,355·83 was claimed by the United States for "payment on account of the Atlantic sea-conveyance of the British and Australian closed mails from New York to Great Britain, for which credit was claimed in the quarterly accounts with the British office." In other words, the cost of sea-transportation last fiscal year, from New York to England, was £3,700, and I presume an equal amount is paid by the Home Government for sea-transportation this way, making a total of about £7,400 a year. You may have these figures before you, but, if not, in any discussion that may arise with the London Postal authorities, they will be useful.

I have written to political friends in Washington regarding the appropriation project, but since Sir Henry Parkes' arrival I am quite undecided how to act, as I am in utter ignorance of his intentions. My present feeling is to let the matter drop, and trust to the chapter of accidents. I may, however, have reason to change this view, when I would adopt such measures as I deemed prudent in the circumstances.

The "Australia" has had a long detention, owing to the protracted Atlantic passages. It is fortunate, however, that the mail goes in so fast a ship and with such a careful commander.

Wm. Gray, Esq., Secretary, Post Office, Wellington.

I have, &c.,

ROBT. J. CREIGHTON.

Enclosure 1 in No. 20.

MR. BLACKFAN to MR. CREIGHTON.

Post Office Department, Office of Foreign Mails,

Washington, D.C., 12th December, 1881.

SIR,—

I have received your letter of the 1st instant, respecting the payments to be made to the Governments of New Zealand and New South Wales out of the appropriation of \$40,000 made by Congress at its last session for the fiscal year ended 30th June, 1882, and have to inform you in reply that the Postmaster-General, in pursuance of the authority given him by the Appropriation Act of the 3rd March, 1881, directed by a formal order dated 4th August last, "that the sum of \$40,000, if not exceeding one-half of the cost of the overland charges paid to this department by the British Post Office for the United States territorial transit of the British and Australian closed mails during the fiscal year ending 30th June, 1882, be paid to the Colonies of New Zealand and New South Wales out of the said appropriation, in quarterly payments, the sum so paid to be divided equally between the said colonies, and the warrants therefor to be drawn payable to the orders of the Postmasters-General of New Zealand and New South Wales respectively;" a copy of which order was on the same date delivered to the Auditor of the Treasury for the Post Office Department as his authority to make payments out of the said appropriation to the said colonies in accordance therewith.

It is the duty of the Auditor of the Treasury for the Post Office Department to issue the warrants in payment of the sum so appropriated as soon as evidence is received by him of the weights of the British and Australian mails transported between New Zealand and San Francisco during each quarter, but as these mails are sent *closed* in each direction, their weights are not ascertained by him until statements thereof are furnished by the British Office, so that considerable time must elapse after the termination of each quarter before the weights of the entire mails transported during such quarter are reported to the Auditor. I am informed by that officer that the statements of weights of mails forwarded from New Zealand and New South Wales to Great Britain do not reach his office until about two months after the date of their despatch from Sydney, so that he cannot pay the quarterly instalments to the said colonies until about two months after the expiration of each quarter, and that he has only just received the full statements of weights for the September quarter of this year; so that it is impossible for him to issue warrants for the first instalment in time to go forward by the outgoing steamer from San Francisco on the 17th instant, but they will be sent by the next steamer.

I have called the special attention of the chief of the Foreign Mail Division in the office of the Auditor of the Treasury for the Post Office Department to the importance of making prompt remittance to the Colonies of New Zealand and New South Wales of the sums payable under this special appropriation, and he has assured me that the quarterly instalments will be paid as soon as possible after the statements of weight are received.

With regard to the annual cost to this department of the overland transportation of the British and Australian closed mails, I would observe that the statement in the last annual report of Postmaster-General Key, page 12, to which you have referred as being page 509 of said report, was that it amounted to "about \$100,000," and not \$190,000, as stated in your letter.

The actual sums credited to this department by the British Post Office in the quarterly accounts with that office on account of the United States territorial transportation of the Australian mails for the years ended 30th June, 1880 and 1881, were reported as follows: For the fiscal year 1880, \$89,277·27; for the fiscal year 1881, \$94,515·69.

I am, &c.,

JOSEPH H. BLACKFAN,
Superintendent, Foreign Mails.

Robert J. Creighton, Esq., Resident Agent,
New Zealand Government, San Francisco, California.