

Enclosure in No. 32.

Dr. KNIGHT to the Hon. the COLONIAL SECRETARY, Melbourne.

SIR,—

Sydney, 28th January, 1870.

In reference to the transit of Colonial mails from San Francisco to New York, and from the latter port to Southampton, and the cost thereof, I have the honor to inform you that I have succeeded in obtaining in Sydney a copy of the Postal Convention between the United States and Great Britain.

I find that, under the terms of the Articles of Convention, Colonial mails for England arriving at San Francisco must be delivered as "Closed mails" at the Foreign Closed Mail Office, in San Francisco, and are liable to a charge of $3\frac{3}{4}$ cents an ounce for the territorial transit to New York.

Besides the "Closed mails," there is the correspondence between the United States and the Australian Colonies. Under the Postal Convention with the United States, fixed rates of postage must be collected by the despatching office, and each Government must render accounts of mails despatched. It may be assumed that, on the settlement of this account, it will be found that the amount collected in each country is nearly the same, and that consequently the Colonies will be only called upon to defray the territorial charge of $3\frac{3}{4}$ cents an ounce on closed mails between San Francisco and New York.

In addition to the territorial charge, the Colonies will probably be required to defray a portion of the cost of maintaining the Foreign Closed Mail Offices in San Francisco and New York, but this will be a trifling charge.

There remains the transit of mails from the Foreign Closed Mail Office in New York to Southampton. No portion of the cost of this can, however, fall on the Australian Colonies; but on the other hand it may be that Great Britain will be called upon to contribute towards the cost of the carriage of her mails from San Francisco to the Australian Colonies, in consideration of the greater distance from San Francisco to the Australian Colonies than from New York to Southampton, the cost of transit of the greater distance being defrayed by the Colonies, and that of the shorter distance by Great Britain. Any allowance made by Great Britain on this account should be retained by the contracting Colonies.

Under the terms of the Articles of Convention, each country must make its own arrangements for the despatch of its mails to the Foreign Office by well-appointed ships, and remunerate the owners of such ships for the conveyance of mails. It must, however, be understood that any contribution by the Government of the United States for the carriage of its mails from San Francisco to the Australian Colonies will be entirely for the benefit of the present contractor.

The Hon. the Colonial Secretary,
Melbourne.

I have, &c.,

CHARLES KNIGHT,
Auditor-General, N.Z.