

mail. By the present arrangement the mails arriving either at Auckland or Wellington for this Province could only be forwarded from the latter place on the 1st, and from the former on the 8th; that is to say, after the departure of the Inter-Colonial Mail, thus preventing the possibility of sending replies by return mail, at least so far as the Government Steamers were concerned.

In order to remedy this defect, the "White Swan" was engaged to make a second monthly trip between Auckland and Wellington, starting from Wellington, so as to arrive at Auckland about the time of the arrival of the English Mail from Sydney bringing the Napier Mail, which being carried on by the "White Swan" to Napier, the replies could be sent on *viâ* Wellington.

The result of all these alterations in the original service has been to establish that which was the object proposed originally by the Committee, a fortnightly communication between all the Provinces, with the exception of Taranaki and Marlborough, the latter of which has as yet no regular steam service; nor is it apparent how it can be brought into the Australian Steam Route; until, by the completion of the road from Picton to the Wairau, an accessible harbour is obtained.

The additional cost may be stated as follows:—

An additional Line between Australia and New Zealand	£6,000
Two trips by the East Coast	4,000
	<u>£10,000</u>

This sum, added to the £10,000 payable under the original Contract, shows a payment by the Colony of £20,000 for a monthly Inter-Colonial and a bi-monthly Inter-Provincial Line.

The complete service commenced on the 1st December, 1859.

There is one point in the present arrangements requiring the earliest attention, in order to place the whole service on a satisfactory footing.

Otago being placed at the terminus of the Inter-Colonial and Inter-Provincial lines, is only allowed a very short time for reply to letters arriving by the steamers on these lines, in no case exceeding three days, while every other Province, by enjoying the advantage of the interval between the arrival of the steamer on its way Southwards till its return Northwards, is placed in a much better position, and derives much greater benefit. This inconvenience will appear still greater when it is considered that some of the settled portions of the Province, by reason of their distance, have no means of communicating with Port Chalmers, the Port of call during the stay of the steamer.

Moreover, the local circumstances of the harbour tend still further to curtail even the short time allowed, as considerable delay occurs in transferring the mails from the vessel to the Post-Office at Dunedin.

As regards the Inter-Colonial communication, it appears that a steamer from Sydney is of far less benefit to Otago than one running between Dunedin and Melbourne would be. The trade returns will shew that the business transactions of the Province are much more numerous with Melbourne than with Sydney.

Taking all these circumstances into consideration, the only plan calculated to remove the evils justly complained of by the inhabitants of Otago, appears to be, to establish a third line of communication with Australia by the South of the Middle Island.

The English mail according to the Time Table at present in force arrives at Melbourne on the 3rd of the month. A Steamer therefore starting on the 4th would arrive at Dunedin about the 11th or 12th. The homeward mail leaves Melbourne on the 18th of the following month, so that the Inter-Colonial Steamer should leave Dunedin on the 8th (allowing ten days to cover all contingencies) the interval between the 12th (the day of arrival) and the 8th of the following month would allow ample time for the same steamer to go on to Lyttelton where she might meet the Inter-Colonial Mail Steamer from Sydney, bringing down any mails for Otago.

A further advantage of this plan would be that it would greatly relieve that part of the Inter-Colonial service at present in operation at the point, where the greatest pressure occurs, that is to say the service between Sydney and the Southern Ports of the Colony.

Under present arrangements, the trip from Sydney to Lyttelton and back would require 28 days, calling at each of the intermediate Ports. The whole time within which it is necessary that the present service should be performed (supposing the Suez steamer to arrive to her time) in order to save the homeward steamer of the following month is 35 days, (from the 8th of one month to the 12th of the following month)—leaving 7 days for delay. The double trip between Sydney and Dunedin requires 34 days, leaving only one day for delay.

Any want of punctuality in the Suez steamers necessitates, therefore, the departure of the boat for the Southern Ports almost on the day fixed, as, should she wait for the mail, she would most probably not have time to return soon enough for the homeward mail; whereas if the distance to be traversed were shortened by making Lyttelton, instead of Dunedin the Terminus, a margin would be left, even if Picton were visited, for any delay in the arrival of the English mail.

In connection with the subject of the Steam Contract, a return is furnished in Appendix F of the number of Letters despatched serward from the principal offices of New Zealand, showing the proportion carried by the Company's vessels and those by other vessels to places within New Zealand.

Finally, in Appendix G, will be found a comparative statement of the correspondence between the different Provinces of New Zealand and the Colonies of Australia.

It is almost needless to explain that the events which have taken place in the Colony since the close of the year 1859—to which this Report has been as much as possible confined—have very considerably interfered with the arrangements herein described for the conveyance of mails whether by land or by sea. The disturbance, however, thereby occasioned in this part of the service has not been specially noticed as it falls within a new period, and will therefore more fitly form a part of a future report.

(Signed) HENRY JOHN TANCRED,
Postmaster-General.