

The total amount of Deposits from the commencement of the system on the 1st February, 1867, up to the 31st December, 1869, was £531,801 5s; the total of Withdrawals during the same period being £312,491 14s. 9d.

The total Balance at Credit of 6,290 accounts open on the 31st December last, including the interest accrued to that date, was £231,311 5s. 3d.

During the year, four new offices were opened for the transaction of Money Order and Savings Bank business; and a carefully revised and enlarged edition of the Savings Bank Regulations was issued to Postmasters, for their better guidance in conducting the business of the department.

STEAM POSTAL SERVICES.

In compliance with the desire expressed by a resolution of the House of Representatives, an arrangement has been made for a Mail Service with Great Britain *via* California. The contract cost is exceedingly low, and it would be premature to express an opinion as to whether the service on its present footing will prove permanent or whether it will require to be remodeled. But the experience gained has proved that the service is not only a valuable one, but that the route by California is by far the best route for mails and passengers. It has also proved that, on account of its popularity, a very large subsidy should not in any case be necessary; and again it has been the means of displaying in a most gratifying manner the readiness of the United States to co-operate with the Government of the Colony. The Inspector of the Post Office, Mr. Gray, who proceeded to America in charge of the first mails, met, from the authorities of the United States, with the most cordial assistance. He succeeded in making arrangements for establishing a Money Order system between the United States and New Zealand; and he arranged the draft of a postal convention between the United States and New Zealand, which has been approved by the Government of the United States, and is under the consideration of the Colonial Government. The Postmaster-General takes this opportunity of expressing the high sense he entertains of the ability and industry which Mr. Gray displayed in the discharge of his important and onerous mission.

The establishment of the mail service between New Zealand and San Francisco, rendered necessary a subsidiary service to collect the mail for despatch from the several ports of New Zealand, and to distribute the mails received by the contract packets running between New Zealand and San Francisco; and accordingly, in April last, a contract was entered into with the Circular Saw Navigation Company for an Interprovincial service between Manukau and the Bluff, *via* New Plymouth, Nelson, Picton, Wellington, Lyttelton, and Port Chalmers. The duration of this contract is to be six months, to be extended if desirable to a further period of six months, at a cost of £725 a month for the first three months, and £600 a month for any subsequent period. Power is given to the Government to terminate the contract without previous notice; but should the service not be continued for the second period of six months, the Company is to receive payment equal to £725 a month for the first six months.

All the services in 1869, for the conveyance by sea of Interprovincial and Intercolonial Mails, were discontinued as the contracts for those services came to an end.

The services were as follow:—

1. Between Wellington and Melbourne, by way of Hokitika, once every four weeks, from April to December, 1869, at a cost of £5,800, half being borne by the Imperial Government and half by the colony.
2. From Manukau to the Bluff and back, and from the Bluff to Manukau and back, *via* intermediate ports, once every four weeks during the year 1869, for £10,000.
3. Between Wellington and Napier, once every four weeks, from April to August, 1869, at the rate of £650 a year.

On the termination of the Intercolonial contract in November, 1869, for the conveyance of mails between Wellington and Melbourne, it was agreed with the companies by whose vessels the mails have been conveyed between New Zealand and Australia, that for the inward European mails brought to New Zealand, they should respectively be allowed, in addition to the gratuity of 1d per letter to which they are entitled by law, when the mails are put on board, a further gratuity of 1d per letter, together with freight on newspapers at the current rates charged for ordinary cargo, and on delivering the mails at the several ports of New Zealand within a certain number of days, the remission of the light dues on the vessel carrying such mails; for the outward mails from New Zealand, the additional gratuity of 1d per letter, freight as above on the newspapers, and the remission of light dues on the vessel taking the mails, provided they were delivered in Melbourne or Sydney within a certain number of days from New Zealand, in time for the outgoing mail.

For the mails, however, carried direct between Melbourne and New Zealand, except those despatched in May, for which a special payment of £200 has been made, a gratuity only of 1d per letter has been allowed since the 15th January, as the company whose vessels conveyed the mails declined to accede to the arrangement, although a subsequent claim was made by them for payment under it.