

The reference made in last report to the fact that it was intended to arrange for a more regular inspection by postal officers has been only partially carried out. The Audit Office inspection, as performed by the Inspectors of Audit, having been extended to the accounts of the Post Office, it became unnecessary to extend the Post Office system to the extent originally intended. It has now been arranged that, in addition to the periodical visits of the Inspector of Post Offices, Chief Postmasters shall visit their offices once every year. This inspection, together with the irregular visits of the Audit Inspectors, is deemed to be sufficient for all practical purposes.

The method of dealing with and of accounting for the postal revenue and other receipts has undergone a very important change since the 1st of January last. The revenue accounts are now dealt with at the General Post Office, instead of in the Treasury. The Public Revenues Act of 1877, which authorized this change, created an account called the "Post Office Account," into which is paid all moneys received on account of postal revenue, or for transmission by money order, or for deposit in the Post Office Savings Bank. This account can only be operated upon by cheque of the Postmaster-General, countersigned by the Commissioner of Audit. The accrued postal revenue is paid monthly to the Consolidated Fund. The advantages of the change are these: The revenue and other receipts are incorporated in one instead of two accounts. The officers of the Post Office now deal, in the first instance, with all postal revenue accounts; and a set of accounts, formerly sent direct from Chief Postmasters to the Audit Office, has been abolished. The change has added considerably to the work of the department in the Accountant's Office. This new system has also made it practicable to discontinue Chief Postmaster's imprest accounts. Incidental and special payments of fixed amounts are now authorized to be paid out of revenue collections; and if this were extended to the payment of salaries of Sub-Postmasters, a saving of both labour and expense would follow.

The collection of what is termed "unpaid postages," together with the preparation of the necessary accounts, has always been a matter of perplexity to the department. A system recently adopted admits of these postages being collected by the agency of "unpaid docketts," which has this twofold advantage: it insures an almost absolute check against fraud, and enables the department to abolish the lengthy unpaid postage accounts, which means a saving of considerable importance.

It is the intention to establish an Inland Parcels Post, by which merchandise—raw or manufactured—and many other articles, may be forwarded through the post at a nominal rate of postage. It is also intended to extend the book-packet regulations, so as to include documents which at present can only be transmitted through the post at letter rates of postage.

Halfpenny newspaper wrappers, and also postage stamps of the value of 2s. and 5s. respectively, have been issued.

Arrangements of a satisfactory nature have been made with the Imperial Post Office authorities by the Agent-General for the prompt payment of the postages due the colony. Hitherto, these payments have been irregular, and considerably in arrear. For the future, quarterly payments of a fixed amount will be made, and any balance in favour of the colony paid over annually. The immediate result of this arrangement has been the payment, since September last, of no less than £35,968 0s. 2d. on account of postages due the colony by the Imperial Post Office.

The reference made in a former report to the desire of the department to afford facilities for establishing Penny Savings Banks at schools and factories is now being given practical effect to. The forms, &c., incidental to the inauguration of the system are being printed, and will be ready for issue to School Committees during the current year.

The printing of postage stamps, hitherto under the immediate control of the Government Printer, has been placed in charge of the Stamp Department.

With the rapidly-increasing population at the larger centres, it becomes necessary to provide extended deliveries; and the question of establishing "suburban deliveries" is now under consideration. Such deliveries would admit of correspondence being delivered over those suburbs which have a population sufficiently large to warrant the expense. Where it may not be practicable to carry out this scheme in the ordinary way, deliveries by mounted carriers would be made.

The gross revenue from all sources for the financial year ended the 30th ultimo was £114,191 12s. 9d.—an increase of 11·43 per cent. over the receipts of the previous year.

The estimated expenditure, inclusive of a sum of £9,000 on account of liabilities, is estimated at £135,389 11s. 10d. This is £4,846 12s. 9d. less than the expenditure for the year preceding.

The number of letters, newspapers, &c., received and despatched during the year shows a satisfactory increase, as will be seen from the following comparative statement for the years 1876 and 1877:—

|                                      | 1877.            | 1876.            | Increase.       |
|--------------------------------------|------------------|------------------|-----------------|
| Letters—Received ... ..              | 7,119,765        | 5,576,848        |                 |
| Despatched ... ..                    | 5,935,105        | 6,193,889        |                 |
|                                      | <hr/> 13,054,870 | <hr/> 11,770,737 | <hr/> 1,284,133 |
| Books and Newspapers—Received ... .. | 5,267,307        | 4,861,843        |                 |
| Despatched ... ..                    | 3,541,183        | 3,100,905        |                 |
|                                      | <hr/> 8,808,490  | <hr/> 7,962,748  | <hr/> 845,742   |

—the increase of letters being 10·91 per cent., and of newspapers 10·62 per cent.

To ascertain, however, the exact increase of letters, 81,274 post cards should be taken into account. This gives 1,365,407 letters as the actual increase for the year—equal to 11·60 per cent. The numerical increase of letters in 1876 over the previous year was 1,342,886, which number, however, included the post cards.

Comparing the number of letters despatched with the population, the average is 14·51 letters to each head of population. In 1875, the average was 14·29; and in 1874, 12·08.