

proposal would have entailed upon New Zealand an obligation to defray heavy European transit charges, without receiving any equivalent in postage collected, and have thus increased the loss which it already sustains on all correspondence sent *viâ* Suez, the proposal was declined. From correspondence recently received, and laid before Parliament, it appears that, in order to secure the consent of the Imperial Government to this latter proposal, the Agent-General for Victoria undertook to defray the colonies' share of the European transit charge, leaving the question of reimbursement to be made by other colonies to Victoria to be hereafter agreed upon. The charge for the transmission of mails through Italy and France, as now reduced by the French and Italian Post Offices, is, on letters fourpence halfpenny per ounce, and on printed matter threepence three-farthings per pound. Pending the receipt of further information, this department continues to levy in New Zealand the old rates of postage on correspondence sent *via* Brindisi, as the colony is not in a position to sustain further loss in connection with the transmission of its mails to the United Kingdom.

As already stated, the use of the Brindisi service is intended for the transmission of correspondence specially addressed to be sent by that route; but, as the postage now collected by London is the same as that levied on mail matter forwarded *viâ* San Francisco, and as communication is more frequent by way of Brindisi, a large number of letters which would otherwise have gone by the former route are received by the Eastern service, thus seriously adding to the loss which New Zealand has to submit to, as well as reducing its postage receipts. This will be better understood when it is explained that the payment made to Victoria, for the carriage of our letters between Melbourne and Galle, is at the rate of sixpence per half-ounce. In the case of the homeward mails this and the payment to the Imperial Post Office in respect of the European transit charges for the carriage of the mails from Brindisi to Calais are covered by the postage collected in the colony; but on the outward mails the payments exceed the receipts by twopence per half-ounce letter, and to this loss has to be added £5,000 per annum, the cost of the service between Melbourne and New Zealand. The colony, therefore, loses twopence on every letter received from London by way of Brindisi, *plus* the cost for conveyance from Melbourne and the distribution in New Zealand. On the homeward mails the colony's loss (seeing the payments to Victoria absorb the ordinary postage) is represented by the cost for conveying the mails from the colony to Melbourne. Were the department, however, to reduce the Brindisi postage collected here from eightpence to sixpence per half-ounce letter, and to make a corresponding diminution on printed matter, the loss would be further increased by whatever sum we may have to pay for the transport of the mails from Brindisi to Calais. The free use of the Brindisi route means a diminution of the receipts on the San Francisco line, and an increased loss to the colony on the Eastern service, proportionate to the amount of correspondence forwarded by it.

The manner in which the San Francisco Service has been performed may be seen by a reference to Table No. 7. The contractors continue their efforts to make the service a success in every respect. As an earnest in this direction, they recently proposed to reduce the time from London to the colonies by three days, to be effected by an earlier departure from San Francisco—on Saturday instead of Monday—and the gaining of a day on the voyage to Auckland and Sydney. No additional payment is to be made for the early despatch from San Francisco—but the contractors will receive, in terms of the contract, a bonus of £5 for every hour saved on the voyage to Sydney. The proposal has been accepted; but it is doubtful whether it can be carried into practical effect throughout the year, as its success mainly depends upon the early and regular arrival of the London mails at New York. This cannot be assured during the winter months. The contractors, however, are sanguine that, with the approach of summer, when the prevailing winds on the Atlantic are more favourable to steamers bound to New York, they will be able to deliver the London mails in Auckland and Sydney in thirty-eight and forty-three days respectively. The overland journey between New York and San Francisco has been shortened six hours, and the London mails frequently reached the latter city twenty-four hours prior to the time formerly appointed for the sailing of the mail steamer for Auckland. The steamers are now timed to leave San Francisco on the Saturday, but await the arrival of the London mails.

In connection with this proposed acceleration, arrangements have been made for delivering the inward mails at the larger centres of population in New Zealand more rapidly than hitherto. The mail steamer from Manukau, instead of making a detour to Nelson and Picton, is to come on to Wellington, after landing mails at New Plymouth. The southern mails will be transhipped at Wellington into a fast steamer for Lyttelton, and the Manukau boat proceeds without delay to Picton and Nelson. This improved service admits of the Wellington, Canterbury, and Otago mails being delivered between one and two days earlier than hitherto. The actual delay to the mails for Nelson and the West Coast ports should not exceed twelve hours—a delay of little moment when compared with the earlier delivery secured by the three principal commercial centres.

The homeward mails by the San Francisco Service have, with a single exception, been delivered in London within contract time. The shortest delivery was made in 39 days from Auckland, 41 days from Wellington, and 43 days from Dunedin. The longest transit occupied—from Auckland, 43 days; from Wellington, 45 days; and from Dunedin, 46 days. The average for the twelve months was, Auckland, 40·17 days; Wellington, 42·17 days; and Dunedin, 43·92 days.

The outward mails from London, on the average, have been delivered in Auckland in 40·33 days, in Wellington in 43·33 days, and in Dunedin in 44·75 days. The quickest transit to Auckland was 38 days, to Wellington 41 days, and to Dunedin 42 days. The longest time from London to Auckland was 43 days, to Wellington 47 days, and to Dunedin 49 days. This unusually long transit was attributable to two causes: The Atlantic steamer with the London mails of February last was delayed by fogs and adverse weather, and the mails were three days late in reaching San Francisco. Here they suffered a further delay of 60 hours, owing to a fire which occurred on the mail steamer "City of Sydney" on the 14th March last, after she was ready for sea. Although the "City of Sydney" was five days late in leaving San Francisco, the mails were landed in Auckland only two days late, the voyage having been performed three days within the contract time.

The homeward Brindisi mails reached London, on the average, in 50·17 days from the Bluff, in 2—F. 1.