

Aggregate mileage	7,942
Total number of miles travelled	2,902,594
Cost to the department	£24,808 18s. 6d.
Average cost per mile	2'05d.
The total cost in 1881 was	£23,334 18s.
And the cost per mile	2'08d.

There was an increase of 36 services, and 211,782 in the number of miles travelled.

The following are a few of the alterations made during the year :—

Gisborne and Port Awanui—service made weekly instead of fortnightly.

Puketapu and Erewhon—service extended to Mohonga.

Hawera and Opunake—service made daily instead of thrice weekly.

Belgrove and Lyell—service made twice instead of once weekly.

Westport and Reefton—service made thrice instead of twice weekly.

Daily service established between Thames and Paeroa, and thrice weekly between Thames and Tauranga.

The Kurow and Omarama service made twice weekly, and a weekly service, Omarama and Ben-Ohau, established.

Weekly service, Pembroke and Makarora, established.

Services, Colac Bay and Orepuki, twice weekly, and Queenstown and Kinloch and Glenorchy, weekly, established.

The result of the tendering for the inland services for 1883–84 enabled the department to establish several additional, and in some instances important, services, and, at the same time, improve or increase the frequency of others, at an additional cost of only £275 9s. 6d.

MAIL STEAM SERVICES.

The negotiations for the continuance of the San Francisco service have resulted in New South Wales and New Zealand jointly agreeing to renew the contract at a reduced cost, for a period of two years from November next, but with the proviso that, unless a contribution in aid of the line is received from the United States, the renewed service shall only be continued for twelve months. The negotiations were only concluded in May last. The renewal terms are those proposed by the Government of New South Wales, and are set forth in the following resolution submitted to and approved by the Parliament of New South Wales :—

“That, subject to the Imperial Government agreeing to continue to convey the mails to San Francisco as heretofore, the contract between the Colonies of New South Wales and New Zealand with the Pacific Mail Company be extended for a period not exceeding two years from the expiry of the present contract in November next, at an annual subsidy not exceeding £50,000, of which the portion falling upon this colony shall not exceed £18,750, and subject to the following conditions, namely : That it shall be optional for this colony to withdraw from such extended contract at the end of twelve months, on giving three months' previous notice, in the event of the Pacific Mail Company not having obtained from the United States Government, or from other sources, a contribution equal to one-third of the total annual subsidy for such extended contract, and in diminution of the subsidy. That the service shall be performed with the acceleration upon the present contract-time of at least twenty-four hours on each voyage to and from Sydney and San Francisco during the first year, and during the second year at least forty-eight hours, subject to the same terms, conditions, premiums, and penalties as heretofore ; with this exception, that the company be relieved from keeping a fourth steamer, but that such shall not absolve them from the penalties of any failure.”

These terms having been accepted by the contractors, the amended form of contract will be executed without delay. The subsidy paid the Pacific Mail Company under the existing contract is £72,500 per annum ; and the agreement that the renewed service shall be performed with three instead of four boats, is the probable explanation of the contractors consenting to renew the service for £50,000 a year, or £22,500 less than what is now paid by the colonies. Of the present subsidy, New South Wales pays £40,000, and New Zealand £32,500 ; but, under the new agreement, New Zealand will pay £31,250, and New South Wales only £18,750, or £21,250 less than what is paid at present ; the Government of that colony urging that the service was of no value as a mail-line, and that, even for commercial purposes, it was not worth more than £18,750 a year. As it was impossible to obtain a larger contribution from New South Wales ; and, as this colony's share of the proposed cost was within the limit fixed by Parliament, it was deemed advisable to secure the continued co-operation of New South Wales, even on these inequitable terms.

The consent of the contractors to reduce the time by twenty-four hours the first year and two days the second year is a highly important concession. Fast mail-trains, to perform the journey between San Francisco and New York in five days, will within the next few months be running ; and, with the improved class of steamers that are from time to time placed in the Atlantic trade, it is not too much to predict that within eighteen months or two years the time between Auckland and London will be reduced to thirty-two or thirty-three days.

The condition that the renewed service shall not extend beyond twelve months, unless the United States contribute, indicates to the people of that country that the colonies are no longer inclined to maintain the service unless assisted by the States. Mr. Creighton, who has made a special visit to Washington and New York in connection with the renewal of the service and other matters affecting the colony, has reported that there is reason to hope that the next Congress, which meets in December, will, in some form or other, recognize the service.

The performance of the San Francisco service has been characterized with more than the usual punctuality, and on no occasion during the year has the delivery of mails exceeded the specified time. The average delivery was shorter than in any former year.