

This deficiency in the number of boats made it not improbable that the Service might be altogether interrupted, as in case of any serious damage being received by one of the two vessels employed, there was none to take its place, and therefore, even supposing that the Company should have been willing to continue to make an extra trip from Nelson to Dunedin gratuitously, it would have become a question with the Government whether it would be wise to accept of this boon at the risk of disabling altogether the vessel employed, and so putting an end to any means of communication whatever.

This inconvenience might, however, have been considered as merely temporary, and it might reasonably be expected that on the arrival of the stipulated number of vessels the Contract, such as it was, would be efficiently carried out.

The contract, however, was itself, at best, radically defective,

1st,—As already remarked, the Colony was called upon to pay £10,000 for an Inter-Provincial service while the same service was being performed with greater speed and punctuality by the "White Swan" for £6000;

2nd,—The Province of Hawke's Bay was left entirely unprovided with a regular means of communication either with Australia or with other parts of the Colony;

3rd,—The fact of there being only one line of communication between Australia and this Colony was calculated, in cases where delay took place in the arrival of the Suez steamer at Sydney, to delay the arrival of the English mails in New Zealand for a whole month.

In order to allow sufficient time for the vessel which proceeded from Nelson to the southern ports to accomplish the trip and return in time to Nelson to meet the Inter-Colonial vessel before her departure for Sydney, it was necessary that this latter vessel should leave Sydney on or about the day named in the Contract,—the effect being that she started frequently before the arrival of the Suez steamer, consequently reaching Nelson without the English mails.

These were the chief difficulties with which the Government had to deal, and negotiations were accordingly entered into with a view to their removal; the result of which was as follows:—

1st,—Inverting the order in which the subjects for consideration are mentioned above. As regards the Inter-Colonial service, two lines, instead of the single one, were established (a vessel leaving Sydney for Auckland as well as Nelson), by which, in case of delay in the arrival of the Suez steamer, the one of the Inter-Colonial vessels could start at her appointed time, while the other waited for and brought on the mails for the whole Colony. It was understood also, that as the vessel for Auckland had most time to spare, the boat for Nelson should proceed and the Auckland boat wait. The mails for the south would in such cases be transmitted by the Inter-Provincial steamer. The Nelson boat proceeded to make the round of the southern settlements, delivering her mails and taking up the replies on her return.

The great advantage of this plan was that the mails, goods, and passengers, did not require to be transferred from one vessel to another,—the same vessel carrying them from Australia to destination;

2nd,—In order to afford a means of communication with Hawke's Bay, an extension to Napier of the Sydney and Auckland line was arranged: this arrangement being, however, clogged with a guarantee on the part of the Government against certain losses. The experience of the amount of the traffic, however, made it evident that this guarantee would entail a heavy expenditure, and accordingly a more suitable and economical arrangement was made, as will be mentioned presently.

3rd,—A direct Inter-Provincial service was to be performed monthly between the Manukau and Dunedin and back, so arranged as that the arrivals at the settlements of Nelson, Wellington, Canterbury, and Otago, should alternate with the visits of the Inter-Colonial vessel, as mentioned above, thereby creating, so far as these settlements were concerned, a fortnightly Inter-Provincial service.

Still, however, the new arrangements fell so far short of the recommendation of the Committee that, as regards the other Provinces, a fortnightly service was not yet in existence either between themselves or with the rest of the Colony.

The easiest mode of effecting the necessary extension seemed to be by taking advantage of the fortnightly service already in existence among the Southern Provinces, and negotiations were entered into for the establishment of a new line from Auckland by the East Coast, and the Company agreed, as they had no vessel of their own available, to subsidise the "White Swan" for the purpose.

At first it was proposed that the "White Swan" should perform the whole trip from Auckland to Dunedin, calling on her return at Nelson: but it was found that the distance to be traversed was too great for the time allowed, and eventually it was agreed that she should confine her trips to keeping up the communication between Auckland and Wellington by the East Coast. Her departures from Wellington were so timed that she met steamers coming both from the north and south, and so brought on the mails for Auckland from every Province.

The Inter-Provincial steamer's day of arrival from Taranaki and Nelson at Wellington, and also that of the Inter-Colonial steamer from Dunedin and Lyttelton, being the 30th of the month, the "White Swan" sailing on the *first* would of course bring up mails from all these places as well as those from Napier which would be taken up *en route*. On the other hand, by arriving again at Wellington, on the 12th, the mails for Nelson and Taranaki would be forwarded on the 13th by the Inter-Provincial steamer, arriving at Nelson on the 14th, and at Taranaki on the 21st, while those for Canterbury and Otago would be forwarded on the 20th by the Inter-Colonial Steamer.

The arrangements here detailed, completed the fortnightly service between Auckland and the several Provinces, but it did not give to Hawke's Bay the advantage afforded by the service, which had been superseded by it.

By the extension of the Auckland Line to Napier, the Province of Hawke's Bay had the advantage of being put into direct communication with Australia, and letters could be replied to by the return