

MAIL STEAM SERVICES.

The temporary San Francisco Service, contracted for by Messrs. Hall and Forbes, was abandoned by the contractors in July last; and arrangements were subsequently entered into with the Australasian Steam Navigation Company for continuing the service. As there appeared no probability of the late contractors taking up the permanent service, further arrangements were made for carrying on the temporary service until such time as the probabilities of establishing a permanent service had been determined. A contract was therefore entered into with the Australasian Steam Navigation Company for a seven months' service between Sydney, Auckland, Honolulu, and San Francisco, at the rate of £104,000 per annum. Considering that the contract did not include the New Zealand coastal service, that the contractors were not bound by penalties, and that twenty-seven days were allowed for the voyage between Auckland and San Francisco, the subsidy may appear large; but the department has been assured no better arrangement could be made.

It has been further decided to continue this temporary service until November next, by which time it is anticipated the permanent service just contracted for in London will be commenced. This service has been taken up by a powerful combination of English and American steamship owners. The contract provides that the steamers shall "fork" at Kandavau, and that the steamer from San Francisco proceed through to Sydney, and the steamer from New Zealand proceed through to San Francisco. The subsidy is £89,950 per annum, for eight years, the cost to be equally divided between New South Wales and New Zealand. The coastal service forms part of this contract.

The steam service between Manukau, Nelson, and the West Coast ceased in August last. Upon the arrangement being made with the Australasian Steam Navigation Company for the continuance of the temporary San Francisco Service (and which did not provide for the New Zealand coastal service), a contract was entered into with the New Zealand Steam Shipping Company for a service between Manukau and Port Chalmers, at a subsidy at the rate of £2,015 per annum, half of which amount, under arrangement with the New South Wales Government, is paid by that colony. This service has been performed with regularity. It is true that the inward mails, which reached Auckland last month two days in advance of contract time, were not delivered at the southern ports until a day after the due dates of arrival, but this arose wholly from circumstances over which neither the contractors nor the department had any control.

A steam service for the delivery and receipt of the West Coast English Mails, in connection with the San Francisco service, has also been entered into, at a cost of £1,300 per annum. As in the case of the contract with the New Zealand Steam Shipping Company, this service may cease on the expiry of the temporary arrangement with the Australasian Steam Navigation Company.

The steamship "Schiller," bound from New York to Plymouth, and having on board the colonial mails despatched in March last for the United Kingdom, was totally lost off the Scilly Islands on the evening of the 7th May. The wreck was attended with serious loss of life, and it is feared the bulk of the mails will not be recovered. Latest advices state that 27 New Zealand mail bags had been saved; and that the contents were not seriously injured. The letter mails which appear to have been saved are those for London and Liverpool. Those containing letters for other parts of England, and for Scotland, and those for Dublin, have not yet been recovered. There were in all 63 bags of mail despatched from the Marine Post Office for the United Kingdom, comprising 22,192 letters (of which 497 were registered), 339 book packets, and 16,973 newspapers; of these, only some 8,000 letters (including 145 registered), and 6,000 newspapers have been recovered.

The steam service between Port Chalmers and Fiji has been extended for a further period of twelve months. The subsidy now agreed to be paid is £350 per trip, so long as the "Star of the South" is employed; but on the Company placing a larger and more powerful steamer in the service, the payments will be increased to £400 per trip.

An arrangement was entered into in December last, with the Harbour Company of Dunedin, for the performance of a monthly steam service round the Middle Island by the steamer "Maori," the steamer proceeding to the West Coast by the alternate routes of Cook and Foveaux Straits. The subsidy is £4,000 per annum, £1,500 of which is contributed by the Provincial Government of Otago. The service is for a period of two years.

During the year 1874 the colony had the use of three distinct mail services for the receipt and despatch of mails from and to the United Kingdom, for an estimated net payment of £18,042 11s. 9d., which under former arrangements would have cost the colony over £30,000. The following statement shows the estimated receipts and payments on account of the services in question:—

SAN FRANCISCO SERVICE.

Dr.		£	s.	d.	£	s.	d.
Payments on account of Main Service	...	24,583	5	11			
Cost of Interprovincial Services	...	870	0	0			
					25,453	5	11
Cr.							
Estimated Receipts from Imperial Post Office	...	6,799	12	3			
Receipts from non-contracting colonies	...	1,071	2	6			
Postages estimated to have been collected in the colony	...	7,601	16	11			
					15,472	11	8
Net cost to the colony	...				£9,980	14	3

GALLE AND SUEZ SERVICE.

Dr.		£	s.	d.	£	s.	d.
Estimated Payments to Victoria...	...	11,812	5	10			
Cost of Intercolonial Service	...	5,000	0	0			
Bonus, &c.	...	1,094	16	0			
					17,907	1	10
Cr.							
Estimated Receipts from Imperial Post Office	...	4,802	11	0			
Postages estimated to have been collected in the colony	...	5,149	16	4			
					9,952	7	4
Net cost to the colony	...				£7,954	14	6