

There was a net increase of 10 services, and 112,391 in the number of miles travelled.

Alterations to existing services were effected, and additional services established during the year as under :—

Arrow and Queenstown, from thrice weekly to daily.

Westport and Waimangaroa, from once to twice daily.

Timaru and Hilton, from twice to thrice weekly.

Second daily service established between Wanganui and New Plymouth.

Gisborne and Akuaku, Port Awanui, Te Mawhia and Tuparoa, from fortnightly to weekly.

Thrice-weekly service established between Christchurch and Greendale.

Pahi and Paparoa, from once weekly to twice weekly.

Weekly service established between Matakana and Warkworth.

Second daily service established between Wanganui and Bulls.

Weekly service established between Marton and Paraekaretu.

Palmerston North, Woodville, and Makatoka, from thrice weekly to daily.

Weekly service established between Upper Pahaua and Martinborough.

Weekly service established between Gladstone and Glenburn.

Weekly service established between Dunedin, Gimmerburn, and Naseby, *via* Eweburn.

Daily service established between New Plymouth and Midhirst.

Second daily service established between Wellington and Paikakarika.

Timaru and Fairlie Creek, from thrice weekly to twice daily.

Weekly service established between Hunter and Makikihi.

Thrice-weekly service established between Temuka and Hilton.

Hawea Flat and Dunedin, from once to twice weekly.

Thames and Te Aroha, from thrice weekly to daily.

MAIL STEAM SERVICES.

The arrangements for the renewal of the San Francisco service have been concluded. The first mails under the new agreement were despatched from London on the 8th November last, and from Sydney on the 6th and Auckland on the 11th December. The subsidy payable to the contractors is £50,000 a year—New South Wales £18,750 and New Zealand £31,250. The contract, which is for a term of two years from the 29th November, 1883, contains the following clause, inserted at the express desire of the Postmaster-General of New South Wales: "The contractors will endeavour to obtain from the Government of the United States or from other sources a contribution on account of the amounts payable under this contract for carrying the said mails from Sydney to San Francisco and from San Francisco to Sydney, and from Auckland to San Francisco, and from San Francisco to Auckland, equal to one-third of the total amount of the moneys payable hereunder for such services. And it is hereby expressly agreed that, if any such contribution shall be obtained as aforesaid, the same shall be applied and go in reduction of the payments agreed to be made under this contract, and that, as between the Postmaster-General of New South Wales and the Postmaster-General of New Zealand, such reduction shall be divided equally between them in respect of the payments agreed to be made under this contract. And it is hereby also expressly declared and agreed between the several parties hereto that, if the contractors shall not succeed in obtaining such contribution as aforesaid, it shall be lawful for the Postmaster-General of the Colony of New South Wales to withdraw from this agreement at the end of twelve calendar months from the said twenty-ninth day of November, one thousand eight hundred and eighty-three, on giving three months' previous notice to the contractors of his desire so to do, and that the service of such notice upon the contractors shall be deemed and taken to have been sufficiently made if the same is left with the agents for the time being of the said contractors in New South Wales: Provided that, immediately upon such notice being served on the contractors as aforesaid, they shall cause a copy thereof to be forwarded to the Postmaster-General of New Zealand for his information." New South Wales may therefore elect to withdraw from the service in November next should the contractors not obtain from the Government of the United States "or from other sources" a contribution in aid of the service, equal to one-third of the total annual subsidy payable by the contracting colonies. No such power was sought for by New Zealand. In the event of New South Wales withdrawing from the contract the contractors may be required to continue the service with New Zealand alone for the remainder of the contract term for £31,250 a year.

The San Francisco mail service contractors continue to perform their part of the service with their customary regularity. The rate of speed maintained between San Francisco, Auckland, and Sydney was considerably greater than contract requirements, but, from circumstances the contractors could not control, the average time within which the mails were delivered between London and New Zealand was not quite so good as for the previous year. The average time from London to Auckland was 39·08 days. In 1882 it was 38·69 days. From Auckland to London, in 1883, it was 38·85 days, against 38·05 in 1882.

The agreement with the Union Steam Ship Company (Limited), for the conveyance coastwise of the San Francisco mails, has been extended to the date on which the renewed contract with the Pacific Mail Company expires.

The contract entered into in August last between the Government of New South Wales and the Orient Steam Navigation Company (Limited), for a fortnightly mail service between Sydney and Melbourne and the United Kingdom, was placed at the disposal of New Zealand at the same rates of payment as agreed to be paid the company by the New South Wales Post Office. The offer was accepted. Mails intended for the Brindisi route are forwarded alternately by the Orient and Peninsula and Oriental services, which now provide regular weekly mail communication to and from London by way of Suez and Brindisi. The agreement between the New South Wales Government and the Orient Company provides :—