

- (f.) That the time between New Zealand and Plymouth shall not exceed forty-two days homeward, and forty-five days outward, the contractors to be at liberty to arrive at and depart from any New Zealand port.
- (g.) No bonus to be paid for early arrival, and penalties at the rate of £4 an hour to be enforced only when late delivery exceeds forty-eight hours.
- (h.) That all the provisions of the existing agreements, where not at variance with any of the foregoing conditions, shall be applicable to any new contract or contracts made under this authority.

“3. That, in the event of it being impracticable to renew the four-weekly Direct service on the foregoing terms, then the Government to make temporary provision for the alternate fortnightly mail being sent by Direct steamer, at the ordinary ship-letter gratuity, or by the Federal packets, on such terms as it may be possible to arrange with the contracting colonies.

“4. That this House also authorises the reduction of the Brindisi-Naples letter-postage to the universal rate of 2½d. per half-ounce, and the rates for books and newspapers being assimilated to the rates *via* San Francisco and by Direct steamers.”

The New Zealand Shipping Company, however, refused to renew the Direct service under the amended conditions, or even on the then existing terms, but offered—(1) To continue the service for one year for £16,000; or (2) convey the London mails from Plymouth to the colony in fifty days (in the place of forty-five days), for 11s. per pound for the letter portion of the mails, but with the proviso that the minimum payment should not be less than £8,000. The offers were declined.

Negotiations were then begun for securing an alternate fortnightly service *via* Australia by the Federal packets, and the Union Steamship Company was invited to send in an offer for a regular connecting service between the Bluff and Melbourne, once every four weeks each way.

In the meanwhile the San Francisco mail contractors agreed to renew the service on the terms approved by the House of Representatives. It was impracticable, however, for the department to arrange for a renewal for more than twelve months, as the Imperial Government declined to definitely commit itself to the service for a longer term, in order, it is presumed, that it might be free, when the time arrived, to support a Canadian-Pacific service. But, in continuing to contribute to the cost of the San Francisco service to the extent of 12s. per pound on their letter mails, the Imperial authorities stipulated that the colony, besides defraying the transit-charges from San Francisco to New York of the homeward mails, should bear the cost of the Atlantic conveyance as well—in fact become responsible for the cost of the through services from Auckland to Great Britain. Under the previous arrangement the London Post Office provided the Atlantic service both ways.

The United States territorial transit-rates of 2s. 3½d. per pound for letters, and 8½d. per pound for other articles, are levied under a special agreement made in 1876 between the Imperial and the United States Governments. The railway mail-service between San Francisco and New York, which is about 3,210 miles in length, is recognised under the Postal Union as an “extraordinary” service, for which special transit-rates may be charged. (The Postal Union ordinary territorial transit-rates are 8½d. per pound for letters, and 1½d. per pound for other articles.) The rates for Atlantic transit are approximately 1s. 9½d. per pound for letters, and 2½d. per pound for other articles. It is estimated that the colony will have to pay about £6,000 on account of these transit-charges for the current year.

Application has been made to the London and United States Post Offices to reduce the United States territorial transit-rates, which it is hoped may be complied with. The Postmaster-General of the United States has expressed himself strongly in this direction, and has recommended Congress to agree to a reduction.

The negotiations with the Union Steamship Company were without result. The department failed to secure an intercolonial service providing for close connection with the Federal packets at Melbourne. The company was unable to provide the service required without disorganising its intercolonial trade, and this it was not prepared to do, except for such a payment as the department probably would not be disposed to give. The ordinary intercolonial steamers had therefore to be utilised for the conveyance of the Federal mails to and from Australia.

Homeward mails are also forwarded regularly by the passenger-boats of the Shaw-Savill-Albion Company's Direct line (the same vessels which performed the Homeward contract service), which leave the colony about a week after the arrival of the mails *via* San Francisco. This despatch, with that by the steamer leaving the Bluff for Melbourne the day after the departure of the Direct boat, admits of replies from all the principal centres being sent to letters received by the San Francisco mail arriving in Auckland the previous week. The mails by the Direct steamer and the Federal packet on the average reach London in about 44 days; the deliveries there being from about eight to ten days prior to the due date of arrival of the succeeding mail *via* San Francisco despatched from Auckland about three weeks later.

Specially-addressed correspondence is also forwarded from the colony by every opportunity for transmission by the succeeding weekly Federal mails, and also by other direct steamers.

Under the contract service for last year the Homeward Direct mails were despatched from the colony nine days after the due date of arrival of the San Francisco mail at Auckland, and were due in London eleven days in advance of the mail *via* San Francisco, despatched from Auckland 21 days later; the contract times of transit being: Direct, 42 days, and San Francisco, 32 days, respectively.

Mails from the United Kingdom for the colony are now forwarded in the following manner: Correspondence posted during the first and second weeks immediately succeeding the departure of the mails *via* San Francisco is sent *via* Brindisi and Naples respectively, and the third and fourth weeks' collection held for the next despatch *via* San Francisco, unless addressed to be sent by some other route. The principal mails by the Federal line, on the average, are delivered in the colony in 43 days.