

The frequency of the mail-coach service between Seddon and Kaikoura has been increased from once weekly to twice weekly; and that between Culverden and Hanmer Springs to once daily throughout the year. A coach mail-service was arranged during the summer months between Omarama and Pembroke, which enabled tourists visiting Mount Cook to travel direct between Lake Pukaki and the southern lakes without making the deviation which was formerly necessary by way of Timaru or Oamaru and Dunedin. The Cromwell-Pembroke service, which was twice weekly last year, is now performed thrice weekly. The service between Half-moon Bay and Paterson's Inlet (Stewart Island) has been improved. It is now performed by oil-launch, instead of cutter, and includes the collecting and delivering of correspondence at The Neck and settlements in Paterson's Inlet.

Inland mail-services throughout the colony were performed during the year without serious interruption, with the exception of the service between Ida Valley and Alexandra South, which was suspended from the 11th July to the 3rd August, as the result of a very heavy fall of snow, followed by severe frosts. Other small services in the Otago District were interfered with for a few days. It is satisfactory to note that not a single complaint was received about delay to correspondence as the result of the interruption. Special mention should be made of the energy and resource displayed by Messrs. Craig and Co., the contractors, and their employees, under very trying circumstances. Occasional short interruptions owing to floods were reported from other parts of the colony. An accident occurred on the 14th August, by which the contractor for the Opunake-Eltham mail-coach service lost his life. While driving his coach and team across a dangerous ford of the Mangawhero River during the high flood the horses became unmanageable, with fatal results to the driver and loss of the horses and coaching plant. Another accident resulting in loss of life occurred in connection with the Mangaweka-Taihape service. While the coach-driver was delivering the mail at the Utiku Post-office the horses bolted, and a young lady who was on the box-seat jumped off and was killed.

The number of contracts for inland mails in operation in 1903 was 692.

There were in addition 459 services not under bond.

The length of inland postal routes by road (counted one way only) was 10,569 miles, and the total number of miles travelled 2,725,716, at an average cost of 3·57d. per mile. In 1902 the respective mileages were 10,562 miles and 2,645,407, at an average cost of 3·38d. per mile.

Ordinary railway-trains with mails travelled 3,398,533 miles.

The estimated sum payable to the Railway Department for the conveyance of mails by ordinary trains was £43,998 11s.

OCEAN MAIL-SERVICES.

San Francisco Mail-service.

The temporary six months' agreement mentioned in the previous year's report expired in November last, and the service has been renewed for three years from the 10th November, 1903, in accordance with the resolutions passed by the House of Representatives on the 13th idem.

The service has been performed during the year without notable incident. There were several late departures and arrivals, but the contractors were not entirely responsible for these. The late arrivals particularly apply to the outward voyages and the late delivery of mails in London. The inward mails have been delivered with fair regularity, and on two occasions the steamers reached Auckland ahead of time.

In February last the departure of the "Ventura" was delayed twenty-two hours at San Francisco, in consequence of the late arrival of the mails from Great Britain. In January last year the outward steamer was over forty-eight hours late in arriving at San Francisco—exceeding the hours of grace allowed by the contract.

The steamers' departure from Auckland has been altered from 2 p.m. to 3 p.m., so as to afford more time for the handling and disposal of the southern mails, &c., which reach Auckland in the forenoon.

The temporary arrangement under which the outward steamers, in the interests of the Pacific Cable Board, have been calling at Fanning Island since October, 1902, came to an end with the "Ventura's" voyage on the 28th ultimo, the contractors having found that the detour at times interfered with the steamers' due arrival at San Francisco. Arrangements have been made by the Pacific Cable Board with the Vancouver-service contractors for their steamers to call at the island every two months from about September next. It is likely that the cable steamer "Iris" will make one trip in the interim.

The coastal service for the collection and distribution of the San Francisco mails has also been renewed for three years, at a subsidy of £4,076 a year, a reduction of about £500 per annum.

Vancouver Service.

Negotiations are still pending. There is now a reasonable prospect of the Government being able to arrange for the service to embrace New Zealand.

Intercolonial Service.

Further correspondence has taken place with the Union Steam Ship Company. The company has made more reasonable proposals, but it has been deemed advisable not to enter into any arrangement for a regular connection with the Federal service in view of the prospect of the colony obtaining an alternative mail-line *via* Vancouver.