

establish a mail and passenger service from Auckland to San Francisco *via* Suva and Honolulu.

I have devoted much attention to the possibility of establishing a service by New Zealand steamers between Auckland and San Francisco by way of Tahiti, only to find that without assistance from the American Government the cost of such a service is beyond our resources. There is, however, some reason to believe that in the next session of Congress the much-debated Shipping Subsidy Bill will become law, when a service by American steamers will, it is practically certain, be undertaken. At the same time, I do not think we should overlook the advantages to New Zealand of having a suitable service *via* Suez. It is deeply to be regretted that after so many years of control by the Suez Canal Company the obtaining of large profits is made paramount to a lowering of the scale of charges by which increased trade by that route would be encouraged to the great advantage of the Motherland and some of her principal oversea dependencies. I am hopeful that finally we may have the advantages to this country of regular services by the three routes—namely, Vancouver, San Francisco, and Suez. These, together with the excellent direct services that are being run for passenger and cargo purposes between New Zealand and Great Britain, should place us in a position in the oversea carrying for our general trade of much greater advantage than at present exists.

INLAND-MAIL SERVICES.

The tendering for the inland-mail services for the ensuing triennium has been very satisfactory. Owing to the large increase in mail matters generally and particularly in the parcel post—the latter has risen by 175 per cent. in a little over two years—an increase in the amount required was to be expected, but this has not been more than might be regarded as a normal one. I have in many cases been able to authorise considerable extensions of frequency in country districts, and otherwise improve existing services. Following the general policy of Government services to the back-blocks are being extended as rapidly as possible, notwithstanding that the cost is in most cases very considerably in excess of the revenue.

WIRELESS TELEGRAPHY.

Although a preliminary vote of £2,000 for wireless telegraphy was taken in 1907, it was not expended owing to the difficulty of arriving at a final decision as to the best system to adopt, there having been a succession of inventions of new methods of some excellence during the last few years. From my recent observations in London, and also in America, I am of the opinion that considerable developments are likely to take place within the next twelve months, and this country should wait and obtain the best system possible. Three wireless stations should be erected in New Zealand of sufficient power to enable communication to be made with Australia, and for a radius of about 1,200 miles from the extreme north and extreme south of the mainland; and simultaneously legislation providing for the establishment of the wireless system on passenger steamers trading from New Zealand should be passed. I hope to be in a position to lay definite proposals before Parliament next session.

OLD-AGE PENSIONS.

The widening of the scope of the Act in 1908 has been mainly responsible for an increased expenditure of £11,560 during the financial year just closed. As, however, the majority of those taking advantage of the new provisions did not participate until after October, the full effect will be much more pronounced during the current year, for the first six months of which the increased expenditure has been at the rate of £26,000 per annum.

The number of pensioners increased by 827, the greatest numerical advance since 1801, the percentage to the population eligible by age being 34, as against 32 in 1908.