

It will be observed that the service shows a loss, instead of a profit, as was the case in 1889 and 1890. This is due to the reduction in the letter-postage from 6d. to 2½d. per half-ounce, and to the department having to bear half-cost of the transit-charges of the Homeward mails from San Francisco to New York, and full cost (two mails) for Atlantic carriage. The actual payment earned by the contractors for the conveyance of the colony's mails from Auckland to San Francisco (at the rate of 12s. per pound for the letter portion of the mails for eleven voyages, and 11s. for two voyages), was £7,201 2s. 11d., but, as the contractors were liable for half the cost of the American territorial transit-charges, the net payment received by them was £5,475 6s. 5d. The postages collected in the colony amounted to £2,856 15s., so that there was a balance of £4,381 8s. 7d. to be set against the transit-charges, which was sufficient to cover these with the exception of £38 5s. 5d. This latter sum, added to the cost set down for interprovincial service, mail agents, &c., make up the loss of £3,454 11s. 11d. on the service for the year, as shown by the statement above.

The effect of the reduction of the ocean letter-rate from 6d. to 2½d. per half-ounce is shown by the fact that, while the Homeward letters for the United Kingdom by the San Francisco service in 1891 increased 16·18 per cent., the postage collected showed a reduction of 51·59 per cent., compared with the figures for 1890.

To New South Wales, the reduction in the letter-rate resulted last year in an increase of 28 per cent. in the number of letters, but a decrease of 46 per cent. in the postage receipts. The reduction had also the effect of increasing that colony's loss on the Federal service, from £564 in 1890 to £13,729 in 1891.

Victoria, for 1890, was able to show a profit of £3,891 on the Federal service, but for 1891 there was a loss of £7,853.

The Federal weekly service, it may be stated, is subsidised at a cost of £170,000 per annum, of which £95,000 is borne by the Imperial Government, and £75,000 by the contracting colonies, shared between the colonies on the basis of population.

Direct Contract Service, New Zealand Shipping Company.

Dr.	£	s.	d.	£	s.	d.
Payments on weight of correspondence—						
On mails from New Zealand ...	£2,420	13	10			
On mails from the United Kingdom, &c. ...	6,246	14	6			
				8,667	8	4
Interprovincial service ...				2,769	4	7
						11,436 12 11
Cr.						
Postages collected in the colony ...				2,434	0	10
Postages from London, &c. ...				6,311	6	6
						8,745 7 4
Net loss to the colony ...						£2,691 5 7

289,855 letters, 112,570 books, and 587,063 newspapers were received from the United Kingdom by the Direct Contract Service; and 144,357 letters, 19,063 books, and 90,706 newspapers despatched.

P. and O. and Orient Lines (Federal Mail-service).

Dr.	£	s.	d.	£	s.	d.
Payments to P. and O. and Orient Lines ...	801	0	4			
Transit charges across Australia ...	5	13	10			
Transit charges across European Continent ...	52	3	9			
Gratuities (to and from Australia) ...	324	10	6			
						1,183 8 5
Cr.						
Postages collected in the colony ...	602	11	5			
Postages from London and Foreign offices ...	210	7	7			
						812 19 0
Net loss to the colony ...						£370 9 5

The number of letters, books, and newspapers conveyed from and to the United Kingdom, &c., by the Peninsular and Oriental and the Orient packets were: Received—82,550 letters, 33,745 books, and 158,461 newspapers; despatched—14,036 letters, 983 books, and 2,808 newspapers.