

The contractors decided that Auckland should be the port of call, as heretofore.

Before renewing the contract, inquiries were made as to the possibility of reducing the time between Auckland and San Francisco, but, as the contractors required an additional £15,000 a year to shorten the time by a day, their offer was not entertained.

An improved class of steamer is needed for this service, and the contractors express their desire to replace the present vessels by larger, swifter, and better-equipped boats if granted a contract for five or seven years. They point out that the policy of Government in renewing the service from year to year only, or for two or even three years, precludes the expenditure of the large amount of capital required to construct or secure vessels of the class essential to improve the line so as to make it a really first-class one both for mails and passengers. This is no doubt correct, and, as the question is one of more than ordinary importance to the colony, it should receive early consideration. At present the superior class of ships employed in the Eastern services is attracting a considerable proportion of the passenger-traffic which would be secured by the San Francisco line were better steamers employed.

The position of the Vancouver service is much as it was shown to be in last report. Government, however, has definitely decided not to support the service unless the main boats call at New Zealand, but is prepared to recommend Parliament to vote £20,000 a year for a term of years to secure connection with Canada by the main steamers, and thereby obtain, with the San Francisco line, a fortnightly Pacific service. An offer was made by the contractors for the San Francisco service to extend their service to Vancouver for £10,000 a year, but, after full consideration, it was considered inadvisable to entertain the proposal. Connection with Canada, especially in the interests of trade, to secure the support of the Canadian Government, must be by an independent line of steamers.

The very general labour strikes which occurred in the United States last year, and which culminated in the temporary interruption of railway communication between New York and San Francisco, fortunately resulted in delay to one month's mails only—those despatched from Auckland on the 16th June by the "Monowai," which reached San Francisco on the 7th July, two days late. The worst effects of the railway strike had then passed over, although direct communication between San Francisco and New York had not been re-established. It was therefore decided to forward the "Monowai's" mails the following morning by the steamer "Columbia," to Portland, thence by the Great Northern Railway to Chicago, *via* Seattle and St. Paul's. This was accomplished in due course, and the mails reached New York on the 17th July. They were forwarded the following day to Southampton by the steamer "Paris," and reached London on the 26th—eight days late.

The "Arawa" replaced the "Monowai" on the San Francisco line in December last year, and made two voyages. She was taken off the line in May last, in order to be fitted with another boiler, with the view of improving her speed, and was replaced by the "Monowai" for two voyages.

The net cost to the colony of the San Francisco Service was £7,963 15s. 3d., as against £7,929 8s. 3d. the previous year. New Zealand's payment for the conveyance of its outward mails was £7,500 16s. 7d. The total amount received by the contractors through this office (including the contributions from the London Post Office and non-contracting colonies) was £17,854 4s. 11d. The payments made by the United States and Hawaii are made direct to the contractors.

The average time within which mails were delivered by the San Francisco Service was From Auckland to London, 33·08 days, compared with 33·15 days in 1893, and from London to Auckland, 33·00 days, against 33·38 days the previous year. The shortest delivery was made in 32 days.

The maximum, minimum, and average number of days within which the mails were delivered at and from London and Auckland, Wellington, Dunedin, and Bluff during 1894 by the San Francisco contract service, and by the Peninsular and Oriental and Orient lines, were :—

	San Francisco Service.			P. and O. Line.			Orient Line.		
London to Auckland	35	32	33·00	45	37	40·58	47	38	42·54
Auckland to London	40	32	33·08	43	38	40·29	43	38	39·42
London to Wellington.	37	34	34·77	48	38	42·15	49	40	41·50
Wellington to London.	42	34	35·08	46	37	42·92	45	37	42·87
London to Dunedin	38	35	36·38	51	39	42·67	50	39	42·29
Dunedin to London	43	35	36·08	48	40	43·79	46	40	43·01
London to Bluff	39	36	37·13	50	38	41·92	49	38	41·54
Bluff to London	44	36	36·83	47	39	43·04	45	39	42·26

RECEIPTS and PAYMENTS on Account of the San Francisco and Peninsular and Oriental, and Orient Mail-services for the Year 1894.

San Francisco Service.

DR.	£	s.	d.	£	s.	d.	£	s.	d.
Payments by weight—									
On mails from New Zealand	7,500	16	7						
On mails from the United Kingdom	4,806	19	3						
On mails from the Australian Colonies, Fiji, &c.	5,546	9	1						
				17,854	4	11			
Interprovincial service, Mail Agents, &c.				3,727	13	10			
Transit costs { San Francisco to New York ..				4,773	13	11			
{ New York to Queenstown				1,960	9	8			
							28,316	2	4
CR.									
Postages collected in the colony				9,998	18	9			
Postages from London				4,806	19	3			
Contributions from non-contracting colonies				5,546	9	1			
							20,352	7	1
Net loss to the colony ..							£7,963	15	3