

The new service was fixed to commence from San Francisco on the 31st October, 1900, and from Sydney on the 4th December. The new steamers, however, not being ready, the "Alameda" and "Mariposa" had perforce to be employed as substitute vessels for a voyage or two. One accident after another to the machinery of the new vessels, when they did begin running, disorganized the service, and this has continued almost up to the time of writing, involving the company in very considerable expense on account of repairs and delays, and at the same time destroying the good name the San Francisco route had for punctuality. The service is not now looked upon with that favour it formerly was, especially by business people in Great Britain, who have repeatedly complained of the great inconvenience they suffer through the irregular delivery of the colonial mails. The effect of this may be gathered from the fact that, notwithstanding the increased frequency of the service, there has been a material falling-off in the volume of mail-matter sent from Great Britain by way of San Francisco. The last inward mail from London comprised 256 bags only, as against an average of about 450 by each mail under the four-weekly running. Instead of the three-weekly mail, under an accelerated time-table, diverting mail-matter from the Federal service, as it should have done, an increased quantity of correspondence for months past is being regularly received by the Brindisi and Naples routes.

Mr. Spreckels now believes that all trouble with the vessels' machinery has been overcome, and that the irregularities in the running may be regarded as at an end. The last inward voyage of the "Sierra" confirms this to some extent, as, notwithstanding her forty-one hours' detention at Honolulu and Pango Pango, she was only twenty-eight hours late in reaching Auckland. She averaged sixteen knots an hour throughout the three days immediately prior to her arrival at Auckland. With the exception of the weakness in the machinery, the vessels are said to be well suited for a first-class passenger and fast-mail service.

The papers which are to be submitted to Parliament will afford further information as to the present position of the service. They will also show that any contract entered into by this colony can only apply to the outward service, the inward service and the departure of the vessels from San Francisco being completely regulated by the United States Post Office. As a matter of fact, the Postmaster-General, Washington, has made it quite clear that the Oceanic Company has no authority whatever to negotiate or contract with New Zealand for the transport of any mails from San Francisco to the colony.

Mr. Spreckels is so far satisfied with the strengthening of the vessels' machinery that he has submitted proposals for a five-years contract. These are under consideration, and in due course will be laid before the House of Representatives on the question of the continuance of the service coming up for consideration. It may be mentioned, however, that the colony is now paying at the rate of £17,000 a year for the use of the service for the transport of its outward mails. Up to the present there is no indication that Australia will subsidise the service. New South Wales, which formerly paid £4,000 a year to the four-weekly service, is paying minimum poundage rates of 2s. per pound for letters and 4s. 6d. per hundred-weight for other matter.

The increased frequency of the San Francisco service necessitated a rearrangement of the coastal service, at an additional cost of about £1,000 a year.

In connection with the withdrawal of the Union Company from the San Francisco service, there was no outward despatch by that route in November. Arrangements were made for a close connection at Sydney with the Brindisi and Vancouver services that month. Mainly on this account the payment to the Vancouver service, which under ordinary conditions should be inappreciable, was £762. The subsequent irregular running of the San Francisco steamers also necessitated special arrangements for connecting with the outward Federal mails at Sydney and Melbourne.

RECEIPTS and PAYMENTS on Account of the SAN FRANCISCO, PENINSULAR and ORIENTAL, and ORIENT MAIL-SERVICES for the Year 1900.

<i>San Francisco Service.</i>							
Dr.		£	s.	d.	£	s.	d.
Payments by weight—							
On mails from New Zealand	...	12,693	6	0			
On mails from the United Kingdom	...	4,505	10	2			
On mails from the Australian Colonies, Fiji, &c.		5,439	0	5			
					22,637	16	7
Interprovincial service, mail agents, &c.	...	...			4,818	17	11
Transit charges	San Francisco to New York	...			4,300	7	5
	New York to Queenstown	...			1,831	16	8
						33,588	18 7
Cr.							
Postages collected in the colony	...	...			12,840	12	4
Postages from London	...	...			4,505	10	2
Contributions from non-contracting colonies	...	...			5,439	0	5
						22,785	2 11
Net cost to the colony	...	...			£10,803	15	8

595,717 letters, 7,235 post-cards, 611,191 books, and 1,285,302 newspapers were received from, and 535,029 letters, 6,498 post-cards, 142,782 books, and 525,125 newspapers were despatched to, the United Kingdom *via* San Francisco. The average time within which mails were delivered by the San Francisco service was—From Auckland to London, 30 85 days, as against 30 85 days in 1899; and from London to Auckland, 31 71 days, as compared with 31 54 days in the previous year. The shortest delivery was made in 30 days.