The number of line men has been increased, and arrangements have been entered into by which extra assistance can be obtained along the line whenever such extra assistance may be required.

It must not be supposed that the New Zealand lines of Telegraph alone are subject to interruptions, for we have recently read of many miles of Telegraph being destroyed in England by snow storms and high winds; and in the last Report of the General Superintendent of Telegraph in Victoria we read as

"The insulation and electrical capabilities of the various lines continue satisfactory: but the number

and duration of interruptions have been unusually great during the past year.

"It will be perceived that the serious interruptions have been confined almost exclusively to two sections of the lines, viz., Melbourne and Sale, and between Jamieson and Wood's Point. The present character of the country through which, for a considerable distance, these lines pass, is such that occasional interruptions must be anticipated for at least some years to come; but as the existing bush tracks give place to regularly cleared and formed roads, much of the inconvenience now experienced will be removed."

Here we see that interruptions are anticipated for years to come and that, in a Colony standing so

high in the scale of advancement as Victoria.

Great injury has been done to the Department by persons wilfully breaking the insulators in the neighborhood of towns and villages; but, as a reward of fifty pounds has been offered for the conviction of

offenders, I hope a stop will now be effectually put to this evil.

Causes of complaint have arisen, I am sorry to add, from the inefficiency of many of the operators employed in the Department, but this has mainly resulted from the mistaken policy of placing Postmasters in charge of Telegraph Stations, and admitting, as a rule, none but messengers to instruction as operators.

On opening the Telegraph Service in this Colony economy and not efficiency in working the Department appeared to be the main object; but the exaction of the greatest amount of work at the least possi-

ble expense is not always advisable.

I am pleased to see that endeavors are now being made by the Government to rectify existing evils by appointing a number of respectable youths as cadets, who, from their education and position in society, may be expected in due course to turn out efficient and useful officers.

I cannot however, disguise the fact that a great evil has arisen from the want of proper supervision over the stations and the staff engaged on the line works.

This supervision I have been prevented giving myself owing to the demands made upon my time by office work; but arrangements have now been made by which I shall be relieved of much of the work that has hitherto fallen to my lot, and has prevented my performing my own legitimate work.

During the past year several additions have been made to the staff at the Head Office.

The appointments of General Manager and Accountant have hitherto been held by one officer; but as the accounts alone were fully sufficient to engross his whole attention, much of the correspondence and detail business of the Department devolved upon myself, greatly interfering with my own special business.

A separate officer has recently been appointed as General Manager, and the appointment of Accountant will in future be kept perfectly distinct, there being abundant work for each officer in his special

Department.

This arrangement will now permit me to absent myself from Head Quarters more than I have hitherto been able to do; and I doubt not, in consequence of this, the working of the lines during the current year will be carried on with greater advantage to the Department, and with greater satisfaction, not only to myself, but to the public generally.

THE FINANCIAL CONDITION OF THE DEPARTMENT. '

In making out the returns of business done during the past financial year, I have given a separate and distinct return for each branch of business done, shewing the Ordinary or Private Telegrams (Appendix No. 1); the Press Telegrams (Appendix No. 2); the Provincial Government Telegrams (Appendix No. 3), and the General Government Telegrams (Appendix No. 4).

The three first items shew the absolute cash payable as revenue, and the fourth gives the value of

work done on behalf of the Public Service of the Colony.

Although no cash is derivable from this last branch of business, still the work has to be done, and

officers have to be provided to perform it.

If the lines were in the hands of a private company or a private proprietor, these telegrams would have to be paid for; and, therefore, I think the value of these telegrams should be placed to the credit of the Department.

I have, however, kept the absolute cash distinct from work done on the Public Service, to shew how favorable are past results, and to enable the Government to form a just opinion on the prospects of the

future.

I have not the slightest doubt but that next year the absolute cash receipts will considerably more than clear the working expenses of the lines; and if so the whole gain to the Public Service, which is the value of Government Telegrams, will be applicable to the reduction of permanent expenditure, or out-

lay, for the construction of lines, station buildings and fittings.

On looking over the comparative statement of business done during 1865-6 and 1866-7 (Appendix No 5), it will be seen that every branch of business has been greatly on the increase, for, during the first period, the total number of telegrams transmitted amounted to 27,335, at a total value of £5,976 7s. 0d.; while for the latter period the total number of telegrams transmitted was 70,386, and the total value, £12,840 14s. 9d.