

This shews that the business done during the past year is considerably more than double that of the preceding year.

The number and value of ordinary telegrams alone, far exceed the whole business done during the former year.

This is a cheering prospect and shews the importance of encouraging this class of business.

The item under "Press" has nearly doubled during the past year, and this return will continue to shew a considerable advance as the Colony becomes more developed.

The item, however, which has made the most remarkable advance in the scale of increase, is that of General Government Telegrams, but this is fully explained by the extension of wires to the seat of Government; and as our lines gradually extend, we must look for a corresponding increase in this branch of the Department.

The absolute cash revenue then derivable from all sources is, £9070 10s. 1d.; being £7594 12s. 8d. for ordinary telegrams; £1005 17s. 5d. for press telegrams; and £470 0s. 0d. for Provincial Government telegrams.

If we assume that a capital of £120,000 has been expended on behalf of the Department, including all expenses hitherto incurred, which is, I feel convinced, a very fair margin, we find this year alone a return of about seven and a-half per cent.; and if the sum of £150,000, originally estimated as the amount required for the construction of lines in both Islands, had actually been set aside for these works, the year's cash receipts would return interest on the whole amount at a rate of six per cent.

Had the lines been in the hands of a private proprietary, this would be the light in which the matter would be viewed.

It will be seen, in this view, I have taken of the question that I have excluded the value of business done on the Public Service, so that none may object to these very satisfactory results of the service.

The expenditure for the year has been divided into two classes, the one embracing the Working Expenses (Appendix No. 6), and the other the cost of construction of lines and that of Station Buildings and fittings (Appendix No. 7).

The working expenses I intend to charge against revenue, and the cost of construction to permanent expenditure.

Looking then at the absolute cash receivable, we find the expenditure for working expenses to be £10,558 19s. 6d., and the cash receipts £9070 10s. 1d., leaving a deficit of £1488 9s. 5d. to be paid from other sources of the revenue of the Colony.

But if we take the total value of the work done, which is the fair way to look at the question, we have a revenue amounting to £12,840 14s. 9d., leaving a balance of £2281 15s. 3d. to be applied as interest on the item Permanent Expenditure.

Had the lines been in good working order throughout the year, these results would have been far more encouraging, as the receipts would have been considerably higher, and the expenditure in the item of maintenance of lines greatly reduced.

My anticipations for the future are, however, of a most sanguine nature; and with good substantial lines, and a competent working staff, the financial condition of the Department will be placed upon a sure and solid basis.

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Telegraph Engineer.