

like Taranaki still maintain their percentage of telegrams for every 100 letters posted, Canterbury and similar districts, with the increased facilities placed at their disposal by rail and steam, have availed themselves to a greater extent of that mode of communication. There can be no doubt that as business improves the telegraph will recover a portion of this traffic.

The Telegraph Department, however, must, in order to maintain itself, open up new channels of communication at present inaccessible to its more successful rivals. The recent introduction of the telephone will, in a measure, largely enable the department to attain this end. The increase of business and consequent swelling of the receipts by this means of communication will not be liable to such heavy deductions for skilled labour as in the past when opening new lines and offices; for there are doubtless hundreds of places in New Zealand in which, by the ordinary telegraphic means of communication, it would be out of the question for the department to entertain the idea of granting them telegraphic facilities on account of the expense attendant thereon; but which, by means of the telephone, beyond the expense of erection of line, can be readily granted the boon at a very small additional outlay and annual expenditure. All such lines will act as feeders to the main trunk lines without trenching on their receipts, for it is intended, in opening such stations, to conduct them on the principle of no work no pay; in fact, to limit the remuneration for the work done to a percentage on the receipts up to a certain point; when the percentage reaches a certain annual amount the department will then step in and, as by previous agreement, make fresh terms. With a view of making such extensions, supplies of telephones have been ordered and will shortly arrive. It is fully anticipated that this means of intercommunication will be largely made use of in the future.

The business done in money-order telegrams during the past year amounts to £58,334 11s. 11d., causing 14,497 telegrams to be transmitted at the expense to the senders of £1,696 19s. 8d., of which amount £724 17s. represents fees collected by the Post Office on behalf of the department, the balance being the commission charged for the money-orders.

At the close of the year there were 3,758 miles of line carrying 9,587 miles of wire of the above; during the year 120 miles of line and 254 miles of wire were erected.

The number of stations open to the public at the end of the year was 227, showing an increase of 13 over the previous year. The most of these were opened in conjunction with railway-stations.

The number of miles of line maintained during the year was 3,556, at an average cost per mile of £6 6s. 7d.

The number of miles of wire now duplexed amounts to 2,820, and as this is really equal to 5,640 miles of single line, the actual wire accommodation at the disposal of the department is 12,407 miles.

The expenditure last year exceeded the receipts by £5,582 5s. 9d. This year the debit balance against the department, after taking credit for Government telegrams, amounts to £455 4s. 3d., clearly showing the financial position of the department is slowly mending.

The number of "urgent" telegrams sent during the year amounts to 33,390, representing a cash value of £5,002 13s. 4d., being within a fraction of 3s. per telegram. The number of "delayed" telegrams for the same period amounts to 88,881; for the nine months ending 31st March, 1880, the number transmitted was 65,684, which, after making allowance for the deficient quarter, only shows an increase of some 1,303 telegrams. When this class of telegrams was first introduced, it was thought that many of the users of the telegraph would resort to this cheaper mode of communication and abandon the more expensive, and that the department would consequently lose revenue. This anticipation has not been realised, for, on examining the telegrams of this class, it is evident that the introduction of the system has brought to the department in most cases quite a new class of business, and even where it has been made to take the place of the shilling telegram, it has either been the means of introducing a fresh customer to the department, or has caused to be sent a telegram which under the shilling system would never have been received. It must be remembered also that this class of correspondence is only placed on the wires when the other business is slack, an event which happens in every telegraph system at certain periods of the day, so that really the public who pay the higher rates suffer no inconvenience from this class of correspondence; and the department, by being able to hold back these telegrams, can make use of its unoccupied wire and staff to better advantage. One thing must not be lost sight of, and it is this, that the cheapening of the system has not in any way injured the Post Office; for every telegram carries postage fee with it, which is collected from the sender. In addition to the fee for the telegram the Post Office in the past year netted, by this class of correspondence, taking all the postages at a penny, some £370. This amount is, however, under the actual sum received, for it does not take into account that many of the telegrams had to be franked with twopenny stamps, being outside of the town delivery, and consequently liable to the increased postage.

On the 1st of January, 1881, the Head Office was amalgamated with the General Post Office, and the office of Secretary and Accountant abolished, the duties belonging to the respective offices being allotted to the Secretary and Accountant of the General Post Office. Up to the date of this report the amalgamation has worked satisfactorily, and has every appearance of continuing to do so. The Chief Postmasters in the towns where amalgamation has been effected, and who have assumed the appointments of Officers-in-Charge, although not technical officers, had, in some cases, claims superior to those they have supplanted. In all future appointments,