

ment Act, 1880," to construct, establish, and maintain electric communication by telephone; and also to make it unlawful "for any person to erect, construct, establish, or maintain, for hire or profit, any line of electric communication by telephone except the sanction of the Governor in Council be first obtained for that purpose." No time was lost in giving effect to the provisions of the Act. It was decided to adopt the Edison-Bell telephone, with the Blake transmitter, on account of that invention having proved a thorough commercial success, and also from the fact that the instruments had been tested on the Wellington-Napier circuit (of 218 miles in length) with satisfactory results. Measures were at once taken to introduce the telephones to the favourable notice of the public, and to enlist their support in establishing telephone exchanges at the principal commercial centres. The subscription to these exchanges was fixed at £17 10s. per annum, and on the 1st October last the first telephone exchange established in the colony was opened at Christchurch with 27 subscribers. The opening was unfortunately delayed in consequence of the telephones not having arrived in due course. A second exchange was established at Auckland, with 26 subscribers, ten days after the opening of the one at Christchurch, and a third at Dunedin, with 56 subscribers, was opened on the 26th April last. Additional subscribers have come forward freely, and on the 7th instant the three exchanges had a total of 189 paying subscribers, viz., Christchurch, 63; Auckland, 57; and Dunedin, 69. The success of these exchanges has been assured; and, with the desire to further extend their convenience, the subscribers were placed in communication with the principal Government offices without additional charge. It was also decided to open "bureau stations" from time to time in connection with the exchanges. It may be explained that a bureau station is an ordinary telegraph station connected by telephone with an exchange, for the purpose of enabling the public to communicate with any exchange subscriber, at a minimum charge of 6d. for five minutes' conversation, which is increased to 1s. when the distance between the exchange and the station exceeds four miles. One of these stations has been established at Newton, in connection with the Auckland exchange; and one is to be opened at Port Chalmers, to connect with the exchange at Dunedin.

The expenditure connected with the opening of the three exchanges amounted to £4,318 17s. 1d., and the annual revenue derived is at the rate of £3,374.

Since the introduction of the telephone many applications for the erection of private wires have been received. There are now 40 private wires, of an aggregate length of 297 miles, bringing in a rental of £738 14s. per annum.

The stations at Woodville, Waikaia, Otago Heads, and Owake, for reasons of economy, had telephones substituted for Morse instruments; and at the end of June telephone stations at the following places were open:—

Devonport.	Tiki.	Martinborough.	Henley.
Kaeo.	Tokatea.	Sydenham.	Nuggets.
Northcote.	Turua.	Portobello.	Kelso.
Takapuna.	Fortrose.	Pine Bush.	

Several of these stations would not have been in existence but for the introduction of the telephone. The payment made to the person conducting a telephone station is at the rate of 3d. for each forwarded and received message, which also covers cost of free delivery of received messages within a radius of one mile of the office. Approved office accommodation has also to be provided free of cost to the department.

The demand for telephones may be gathered from the fact that no less than 467 of these instruments have been imported since September last, and there are now but fifteen unallotted.

The operations undertaken during the year within each of the six telegraph districts, under the immediate supervision of the several Inspectors, were as follows:—

FROM THE BLUFF TO WAITAKI RIVER.

A wire was erected between Waiholia and Henley (about 5 miles), and a telephone station opened at Henley in June, under the charge and in the premises of the Sub-Postmaster there. This was the first telephone station opened within this district under a new arrangement rendered possible by the introduction of the telephone, especially suitable for places too small to warrant the cost of the erection of a special building or the appointment of a skilled officer.

The following private telephone wires have been erected: One from Dunedin to Mosgiel (10 miles), in August, for the Mosgiel Woollen Factory Company; one between Dunedin and North-East Valley (4 miles), in November, for Mr. P. C. Neill; and one in Dunedin (under $\frac{1}{2}$ mile) for New Zealand Loan and Mercantile Agency Company. These all give satisfaction.

For Railway Department have been erected two wires at each of the following places, with electrical signal repeaters and light-out recorders, viz.: Kensington, in June; Port Chalmers, in July; and Shag Point Junction, in October.

At Dunedin and Invercargill Railway Stations, for the facilitating of railway-work, were erected in August, loops of No. 1 South wire, and fitted-up instruments, placing Dunedin Railway Station in direct communication with Invercargill Railway Station.

A wire was erected between Maitara and Gore, in August, in order to place Gore intermediate on a loop of main line, and that station is now in direct communication with Dunedin and Invercargill on No. 3 South.

A set of instruments was fitted up, in August, in Maitara Railway Station booking-office, on No. 4 South.

A new office was fitted up at railway-station, Invercargill, in August, and new loops of wires erected and led into the office. These are Nos. 1 and 4 South, Kingston line and Riverton line: four sets of instruments in all.

At Duntroon and Winton the instruments have been removed to railway-station offices.