

The number of telephone-exchange subscribers at the date of the opening of the several exchanges, and the numbers recorded on the 30th April last, are given in the following statement:—

Auckland: 26 subscribers on 24th October, 1881; 399 (including 10 free) on 30th April.
 Napier: 40 subscribers on 24th September, 1885; 78 (including 9 free) on 30th April.
 Wanganui: 48 subscribers on 15th March, 1886; increased to 75 subscribers (including 8 free) on 30th April.
 Wellington: 31 subscribers on 1st March, 1883; 285 (including 36 free) on 30th April.
 Nelson: 29 subscribers on 1st November, 1884; 68 (including 7 free) on 30th April.
 Christchurch: 27 subscribers on 1st October, 1881; 246 (including 17 free) on 30th April.
 Timaru: 42 subscribers on 16th October, 1885; 60 (including 4 free) on 30th April.
 Oamaru: 30 subscribers on 25th November, 1884; 43 (including 6 free) on 30th April.
 Dunedin: 56 subscribers on 26th April, 1882; 434 (including 33 free) on 30th April.
 Invercargill: 32 subscribers on 7th November, 1883; 67 (including 5 free) on 30th April.

The total number of subscribers (including the free connections) on the 30th April last was 1,755.

The receipts on account of the telephone exchanges are at the rate of £14,404 a year.

The exchanges at Auckland, Wellington, Christchurch, and Dunedin are now open continuously day and night.

The capital expended up to the 31st December last in connection with establishing the several telephone exchanges was £37,319 12s. 1d.

Bureau offices have been established at Anderson's Bay, Mornington, St. Clair, Roslyn, Woodhaugh (Dunedin), Newtown (Wellington), Motueka Wharf (Nelson).

The number of private wires decreased from 90 to 81, and the receipts fell off from £1,330 4s. 10d. to £1,165 15s. 8d. per annum.

The following gives the result of the operations carried out in the several districts during the year under the immediate direction of the Inspectors:—

AUCKLAND DISTRICT.

The following extensions have been completed during the year: Auckland to Howick, Pukekohe to Bombay, Whitianga to Tairua, Mercer to Cambridge (two wires), Ohacawai to Waitangi, Herd's Point to Omapere: making a total of 46 miles of line and 186 miles of wire.

The section Auckland to Cambridge has been reconstructed, and the Manukau Heads line is at present undergoing extensive repairs. The lines north of Kawakawa, including the Russell, Hokianga, and Mongonui lines, have also received a thorough overhaul, and a considerable number of the kauri poles have been rebuted with totara or puriri blocks.

The lines throughout the district are in good order, and show excellent insulation.

The total mileage of wire is 1,726.

NAPIER DISTRICT.

The following lines have been constructed since last report: Between Otuparahaki (12 miles north of Taupo) and Cambridge (two wires), a distance of 67 miles. This lessens the distance to Auckland by 89 miles, enabling a higher rate of speed to be kept up between Wellington and Auckland.

Twenty-four miles of new line was erected to replace Nos. 1 and 2 wires between Taupo and Otuparahaki. The line to Frasertown (7½ miles) has also been completed.

A wire connecting Wairoa with Te Mahia has been erected for telephonic communication.

The Hastings racecourse has been connected with the Post Office at Hastings, a distance of 1½ miles.

A new wire of 82 miles is in course of erection, to provide for the increased railway work between Napier and Tahoraite.

The Napier-Waipukurau section has been considerably strengthened and renewed. Further renewals are also being made between Tenui and Waipukurau.

Some 67 kauri poles have been butted between Tauranga and Katikati, and the line generally overhauled. The section between Gisborne and Wairoa has been thoroughly overhauled, and 20 kauri poles have been butted between Wairoa and Napier. Further improvements and strengthening have been executed on the section between Napier and Taupo, and the branch line, Gisborne to Ormond, has been carefully overhauled.

The lines in this district are now in first-class order.

WELLINGTON DISTRICT.

All the lines in this district are in good order, and call for no special remark.

On the 12th of June last year all three wires in the old Cook Strait cable parted, and the resources of the Department were severely taxed by the loss of the three wires.

The faulty cable was not repaired till the 20th December; the delay in repairs was caused by the vessel usually employed not being in a position to at once comply with the request of the Department.

The cable, on examination, showed that the break was caused by the slow but gradual corrosion of the armour-covering by its coming in contact with rock impregnated with copper. The above action had been going on for close on twenty years.

The faulty cable was only some three or four fathoms in extent, the cable on each side of the break, with the above exception, being as sound and in as good a condition as when first laid in 1866.

A single wire line was erected between Woodville and Pahiatua, and the latter office placed in charge of the postmaster as telephonist.