

Economy in this direction has been secured without dispensing with officers on compensation, and the principle will continue to be given effect from time to time.

The Chief Post Office, Wellington, has been made a branch of the General Post Office, and the Chief Postmastership abolished, and the Post and Telegraph offices at Masterton are to be amalgamated, for economical reasons.

A great improvement has been made since the 1st of April last, in the system of payments on account of the expenditure of the department. All payments for services of the Post Office and Telegraph are now made out of imprest advances received from the Treasury, and before the vouchers have been examined in the Audit Office. To make the system complete the Public Revenues Act should be amended in the direction of authorising the payments to be made out of ordinary receipts, to be refunded periodically out of the votes after the payment vouchers have been passed by the Audit and approved by the Treasury. The change has relieved the Treasury of a considerable amount of work, which now devolves on the Post Office, but in a varied form.

Experience, so far, has shown that the change has entailed but little additional labour on the Post Office, while the public appreciate the more prompt payment of their claims.

The value of work performed gratuitously for other departments of the Government service was: official free correspondence, £71,965 6s. 6d.; Government telegrams, £30,205 11s. 10d.—a total of £102,170 18s. 4d. This sum, added to the cash receipts (£311,608 19s.), gives £413,779 17s. 4d. as the gross earnings of the department for the year, or a sum of £143,144 6s. 6d. more than its expenditure.

£22,984 6s. 1d. was expended on telegraph extension and £2,227 7s. on buildings, and charged against the Public Works Fund. £1,656 14s. 4d. was also spent, but out of Consolidated Fund, for repairs, alterations, and additions to office buildings.

39,377,774 letters, posted and delivered, were dealt with.

1,835,394 telegrams of all codes were transmitted.

38 offices were established, 2 reopened, and 11 closed. The total number of offices open at the end of 1887 was 1,118.

23 inland mail services were established, and the total number in existence at the end of the year was 600.

The length of telegraph lines increased by 100 miles. At the end of the year there were 4,646 miles of line and 11,375 miles of wire.

The business of the telephone exchanges did not increase in the same proportion as in the previous year, when there was an increase of 287 subscribers. At the end of last year there were 2,042 subscribers, an increase of 112.

£1,312,151 1s. 5d. was deposited during the calendar year in the Post Office Savings Banks, and the amount standing to the credit of depositors on the 31st December last was £1,813,084 18s. 8d.

The amount of savings-bank funds invested on the 31st December last was £1,740,705 10s.

The three-wire cable again parted on the evening of the 28th March last. Repairs have been effected by the Eastern Extension Company's repairing steamer "Sherard Osborne," which was kindly placed at the disposal of the Government. Advantage has been taken of her presence to under-run about 26 knots of the cable for general repairs, and to relay it in a more southerly and direct line. The repairs were completed on the 30th ultimo.

The question of renewing the Australian-New Zealand cable subsidy was brought under the notice of Parliament towards the close of last session. Government did not see its way to propose a renewal of the subsidy, and no action was taken. This was duly communicated to the Chairman of the Eastern Extension Telegraph Company. Sir John Pender replied in effect that, as the subsidy was not to be renewed, his company had determined to increase the rates from the 1st January, 1888, to 8s. 6d. for the first ten words, and 10d. for each additional word in the place of 6s. for the first ten words, and 7d. for each additional word. The question of the Press rates was to be further considered; and a few weeks later the tariff of 3d. per word (which had already been in force *pro tem.*) was confirmed, and without the necessity of a Government guarantee. Judging from the returns of business the increased rates on ordinary and Government telegrams bring in about sufficient additional revenue to recoup the company the loss of the subsidy. At the last annual meeting of the company the chairman admitted this.

A Postal Conference, at which a series of important postal and telegraph questions affecting Australia and New Zealand were considered, met at Sydney at the beginning of this year. This colony was represented by the Hon. Sir W. Fitzherbert, K.C.M.G., Speaker of the Legislative Council, it having been found impossible for any member of the Government to attend. The thanks of the Government have been conveyed to Sir William for the very able manner in which he represented the colony.

The Conference held its first meeting on the 19th January, but very considerably postponed important questions affecting New Zealand until the arrival of Sir William Fitzherbert, who was unable to reach Sydney until the 22nd.

These included telegraph cable communication and Australian-New Zealand cable rates, Pacific cable, Trans-Pacific mail service, proposed extension of San Francisco mail service, as well as several other matters.

The printed proceedings of the Conference have been laid before Parliament, but it may be mentioned that the question of the New Zealand-Australian cable subsidy and rates was very fully discussed, Sir William Fitzherbert having been requested by the Conference to indicate fully the views of the New Zealand Government on the matter. In course of the discussion it was shown that, on the present estimated value of the cable, the traffic gave the company, on a 6s. per ten words rate, a return of about 10½ per cent. per annum without subsidy; and no subsidy was therefore required. It was also shown that the higher rates which had just been imposed by the company were even less than were charged over other similar lengths of cable.