

the colony, and to the increased payment demanded for the services of the vessel, it was decided that the department should undertake the repairs. Accordingly, the paddle-steamer "Terranora," 199 tons, was purchased on the advice of the Superintendent, and fitted out under his supervision without loss of time. The Lyell's Bay end of the three-core cable was recovered on the forenoon of the 26th June, and repairs completed on the evening of the 30th. Repairs to the single-core cable were finished on the evening of the 2nd August.

Between the 14th May and the 30th June the whole of the telegraph work between the North and South Islands was thrown on the Wanganui-Wakapuaka cable. The cable was duplexed, and special arrangements made for working day and night. It is satisfactory to be able to state that the telegraph business between the two islands was overtaken without serious delay or inconvenience to the public.

Negotiations are in progress for securing a material reduction in the cable rates, both on inter-colonial and European messages, the nature of which will be seen from the printed papers which will be laid before Parliament.

The extent of New Zealand's outward telegraph cable business for 1891, compared with the business for 1890, is shown by the following statement:—

Destination.	Ordinary.		Press.	
	No. of Messages.	Value.	No. of Messages.	Value.
		£ s. d.		£ s. d.
International	3,533	16,291 5 6	...	...
Victoria	6,355	4,897 12 9	158	70 12 10
South Australia	642	474 16 8	...	...
New South Wales	7,035	4,618 2 7	679	862 2 10
Queensland	729	553 7 4	...	...
Tasmania	801	620 16 11	...	...
Western Australia	175	170 16 0	...	...
Total	19,270	27,626 17 9	837	932 15 8
Total for 1890	20,228	33,977 16 4	1,044	1,460 3 5

The Eastern Extension Telegraph Cable Company received £13,402 2s. for transmitting the messages from Wakapuaka to La Perouse.

The number of international messages forwarded in 1890 was 4,422, and the value £23,099 8s. 6d. This very marked decrease is no doubt due to messages being "packed" to Melbourne or Sydney for onward transmission, so as to secure the advantages of the lower rates to Europe.

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TELEPHONE EXCHANGES.

The annual fee for a telephone exchange connection has been reduced to £5, with an entrance fee of £1 to new subscribers.

The following amended regulations came into operation on the 1st October last:—

The charge per annum, payable in respect of the hire of any telephone instrument connected with a Government telephone exchange shall be: To every subscriber for a single wire, £5 per annum for connection with a telephone exchange of warehouses, stores, shops, and business places not more than half a mile from the exchange, and of private residences not more than one mile from the exchange. For every additional mile or fraction thereof, for each year and for every following year, £1.

Where any connection with an exchange is over two miles in length, the applicant will be required to hold the same for five years, and where the line is two miles and under the term will be one year.

If a connection with a telephone exchange necessitates the erection of a new line of poles beyond the two miles, then the additional charge for every mile after the second mile will be at the rate of £2 10s. for every such mile or fraction thereof.

In the event of such line being used for additional wires a proportionate reduction will be made to the original subscriber for every wire so erected, but in no case will the reduction be more than £1 10s. per mile after the second mile or fraction thereof.

The reduction in the rates has resulted in a large accession of subscribers. For the year ended the 31st March, 1891, there was an increase of 208 subscribers. From April to the end of September, 110 additional subscribers were connected; while from October to the end of March last, being six months at the reduced rates, the new subscribers numbered 381.

The total increase in the number of subscribers to the several telephone exchanges for the financial year ended the 31st March last was 491, as shown by the following table:—