

A new series of the postal-notes of the lower values will shortly replace those now in use. These notes will be of a more convenient size than the existing ones but, unlike the £1 and £5 notes, they will continue to be payable to any person named in the note.

A Board of Appeal has been set up under "The Post and Telegraph Department Act, 1894," to consider all appeals in connection with classification. The Board consists of four members—two appointed under the Act and two elected, one by each branch of the service. The elective members hold office for two years. The Board is to meet next month.

The Act also amends the classification schedules of the Acts of 1890 and 1891. Provision is made for officers in the sixth class, after twenty years' service, receiving two special annual increments of £10 each, bringing up the pay to £200, but without transfer from the class. A separate class has been set up for telegraph counter-clerks, and the maximum pay of assistant exchange-clerks and assistant despatch-clerks slightly raised. The Act, however, is to be read with "The Post and Telegraph Classification and Regulation Act, 1890," and the amending Act of 1891, on all matters affecting classification.

For the purpose of providing for compensation to be paid officers on their leaving the service, or, in the case of death, to their representatives, provision is made under the Acts of 1890 and 1891, and the regulations made thereunder, for the deduction of £5 per cent. per annum from salaries of officers who may have joined the service since the 13th September, 1890, no deduction, however, to be made until the salary exceeds £100 a year. This provision was brought into operation on the 1st April last year. It has now been decided to replace this compensation scheme by applying the provisions of "The Civil Service Insurance Act, 1893," to the Post and Telegraph service, and steps are being taken to carry this into effect.

The three-halfpenny letter-cards were introduced on the 1st January last, and such was the demand for them, largely for stamp-collectors' purposes, that it was impossible to keep pace with the sales for a time. The stock of the selected card becoming exhausted, a variety of different-coloured card had to be used, and on this becoming generally known the demand for the different colours was nearly as keen as it was for the original card, stamp-collectors and agents again purchasing freely. 179,650 cards were printed during the first three months, and a total of 363,409 issued for the seven months ended June last, but without fully satisfying requisitions.

The card, which is a folding one, is very tastefully designed, reflecting great credit on its designer—Mr F W Sears. The colour is light-green. On the front or address side are the words "New Zealand Letter-card," in white letters on a line background, with the Imperial coat of arms in the centre. The postage stamp is printed on the right-hand upper side, and the whole surrounded by a neat border.

On the back of the card are views of Mount Cook, Mitre Peak, Milford Sound, Lake Taupo, and Mounts Ruapehu and Tongariro, and the recently-discovered Sutherland Falls. Underneath these is shown two kiwis in a circle medallion, and a representation of the indigenous totara and rata trees forms a background to the whole. The card is produced by the half-tone engraving process.

The work of revising and bringing up to date the Post and Telegraph rules and regulations is in hand. The new edition will be issued before the close of the year.

The experiment of attaching letter-boxes to the Wellington tramcars, with the object of determining whether such posting conveniences were generally needed by the public, has been in operation for over twelve months. So far the results are not encouraging, as but a minimum use is made of the posting-boxes. Unless more general use is made of the convenience, not only will it not be extended to other large centres, but it will probably be withdrawn altogether.

The amended rates of postage on newspapers for the United Kingdom and foreign countries—*i.e.*, one penny for the first four ounces, and a halfpenny for each succeeding two ounces in weight—to which reference was made in last report, were brought into operation on the 1st January last.

A new issue of postage-stamps has been decided upon, for which designs have been invited. It is intended that each stamp shall be a representation of characteristic or notable New Zealand scenery or *genre*. Prizes of £150 and £100 will be paid for the first and second selected series of designs.

There having been no Post Office report printed prior to that dealing with the year 1859, and the records of the department having been destroyed by fire in 1887 a history of the Post Office from its earliest days in New Zealand has been much needed and frequently asked for. A narrative, covering the period from 1831 to 1858, has accordingly been prepared and will shortly be issued. Some difficulty has necessarily been experienced in bringing the material together, but a fairly-connected history, embodying the main points of interest, has been compiled from various sources. When the work is completed, the history of the New Zealand Telegraph service, from its inception, will be taken in hand.

The specifications of the new cable steamer were referred for revision to Mr. Preece, Electrician to the London Post Office Telegraphs, who has been selected to supervise the building and fitting up of the steamer. Tenders have been invited for the construction of the vessel, and, should these be reasonable, the work will be put in hand without delay.

A further re-arrangement of telegraph circuits has been made during the year, and the Blenheim office entirely relieved of the work of transmitting the traffic between the North and South Islands. Wellington has been placed in direct communication with Christchurch and Dunedin (with or without translators at Blenheim), and provision made for Christchurch and Wakapuaka working direct. Wheatstone automatic instruments have been fitted up in the Wellington and Christchurch offices. These changes have made it possible to reduce the Blenheim staff by thirty-three operators and one distributor. The introduction of the Wheatstone instruments, the duplexing of many of the principal circuits to meet an increasing traffic, and providing for ordinary vacancies, enabled the department to find positions for the whole of the officers removed from Blenheim.