

The working-expenses and 5 per cent. interest on capital cost for the year amounted to £35,008 11s. 5d.

The total capital cost of the telephone-exchange system to the 31st March, 1898, was £142,218 11s. 8d.

Forty-six bureaux were opened during the year.

The Hutt sub-exchange was closed.

The following are the particulars of telegraph and telephone wires, &c., in the colony on 31st March, 1898.

	Telegraph.	Telephone.
Miles of line on 1st April, 1897	6,284 $\frac{3}{4}$	395
Miles of line on 31st March, 1898	6,484	413
Miles of wire on 1st April, 1897	16,470 $\frac{3}{4}$	5,325
Miles of wire on 31st March, 1898	18,024	5,648
Increase during year—		
Miles of poles	199 $\frac{1}{4}$	18
Miles of wire	1,553 $\frac{1}{4}$	323
Submarine cable on 1st April, 1897	209.6 knots.	6 knots.
Submarine cable on 31st March, 1898	242.0 knots.	8 knots.

The following works have been carried out in the several telegraph districts during the year:—

AUCKLAND.

Construction.

Under this head the new lines completed are,—

	Miles of Poles.	Miles of Wire.
Onehunga to Mangere	4	4
Totara North to Kaeo	10	10
Omanaia loop	0 $\frac{1}{2}$	1
Waipu Junction	...	1
Auckland to Whangarei	14	104
For Railway Department—		
Cambridge Railway Station	0 $\frac{1}{4}$	0 $\frac{1}{4}$
Auckland to Frankton Junction	6	87
For Public Works Department—		
Otorohanga to Poro-o-tarao	32	32

Making a total of 67 $\frac{1}{2}$ miles of poles and 240 $\frac{1}{2}$ miles of wire.

Comprised under the lines in progress are the following: Auckland to New Plymouth, section Auckland to Mangaotaki, Whangapoua to Opitonui.

The line authorised from Putaruru to Rotorua has been surveyed, but its construction is in abeyance owing to rails for poles being unprocurable at present.

Maintenance.

During the year 342 miles of line have been overhauled and repaired.

On the main line Auckland to Cambridge some desirable renewals and deviations are compulsorily deferred until a supply of iron rails is available.

The following deviations have been made during the year, equivalent lengths of poles and wire having been dismantled:—

	Miles of Poles.	Miles of Wire.
Lichfield (old office)	0 $\frac{3}{4}$	0 $\frac{3}{4}$
Kaeo deviation	2	2
Pokeno deviation	2	12
Waiwera to Warkworth	12	12
Total	16 $\frac{3}{4}$	26 $\frac{3}{4}$

Offices.

During the year ten telephone offices were opened.

Morse instruments, on the constant-current system, have been fitted on the following sections: Auckland Railway to Frankton Junction (terminal at Auckland and Hamilton offices), 9 sets; Rawene to Kohukohu, 2 sets.

The new office at Waitekauri has been fitted with Morse instruments. The offices at Waihi and Kuaotunu, reported in progress at the end of last year, have been completed and supplied with the necessary fittings.

Auckland Exchange.

The total number of subscribers on the 31st March, 1898, was (excluding bureaux) 1,006, as against 1,033 on the corresponding date of the previous year, showing a decrease of twenty-seven subscribers. This falling-off is due primarily to the present depressed state of the mining industry, and to some extent, probably, to the increased rates which came into force in April last year. The subscribers who are now joining the Exchange are, however, likely to remain, which could not be expected of many who joined during the late period, when mining speculation was at its climax.