

E.—No. 5.

THIRD

ANNUAL REPORT

ON THE

PROGRESS AND WORKING OF THE NEW ZEALAND
TELEGRAPH DEPARTMENT.

WELLINGTON.

—
1867.

General Post Office,

Wellington, 30th August, 1867.

SIR,—

I have the honor to submit, for the information of your Excellency, the following Report on the Telegraph Service of New Zealand for the year ended 30th June last.

I regret to state that the working of the Department during the period in question has not been satisfactory either to the Government or the public. With a view of ascertaining the real causes of the irregularities of which frequent complaints have been made, I have myself inspected the greater part of the Telegraph Lines, and nearly all the Telegraph Stations in the Middle Island. The stations may be said to be in good order; but the line itself is in a very unsatisfactory condition. It has, in some places, been badly laid out, and in most instances, it has been constructed of very unsuitable timber. The portion of the line between Woodend and Blenheim, which has only been in operation for two years, is already so much decayed, that its immediate reconstruction is indispensable, and nearly the whole of the remainder of the line in the Middle Island will have to be renewed within the next two years. This is the more to be regretted, as the large increase which has taken place during the past year in the receipts of the Telegraph Department shews how largely the use of this means of communication already enters into the business operations of the Colony, and how serious may be the inconvenience which must result from the unavoidable interruptions which will take place during the process of reconstruction.

Some changes have been effected during the year in the management of the Department, which have been attended with very beneficial results; it is possible that further alterations will be found necessary.

In October last the line of Telegraph constructed by the military authorities from Auckland to the Waikato, was transferred to the Colonial Government, and has since been managed for this Department by Mr. Weaver, the Provincial Engineer of the Province of Auckland. The amount to be paid to the Imperial Government for the line, plant, &c., was settled by valuation at £2276 0s. 9d. This line will form a portion of the trunk line of Telegraph through the North Island, the construction of which has already been commenced. As mentioned in Mr. Sheath's Report, the portions of the work extending from Wellington to Napier are already either wholly or partially under contract. A careful preliminary survey which has been made of the country between Napier, Poverty Bay, and Tauranga, shews that it presents no material difficulties to the extension of the Telegraph line in this direction. On the remaining section of the trunk line, viz., that between Tauranga and Cambridge, on the Waikato, difficulties would probably be encountered at present on the part of the resident natives, but there is good reason to believe that these difficulties will not be of long duration. I propose to proceed with the erection of the line from Napier to Poverty Bay and Tauranga with as little delay as possible. The whole of the necessary wire, instruments and other material, have been ordered from England, and may be expected to arrive shortly.

As a portion of Mr. Sheath's Report appeared to me to reflect, in a manner unusual in documents of this nature, upon the administration of one of my predecessors in the office of Postmaster-General, viz., the Honorable Major Richardson, and to endeavour to throw upon that gentleman the blame of the inefficient condition in which the Telegraph Department has recently been found, I thought it just to transmit a copy of the Report to Major Richardson. He has requested me to lay before your Excellency, along with Mr. Sheath's Report, certain extracts from official correspondence between that gentleman and the superior officers of this department, which extracts will accordingly be found appended to this letter. They appear to me to furnish a complete answer to the statements of Mr. Sheath, and to show that that gentleman is by no means free from responsibility for the use of the unsuitable material which has been employed in the erection of the southern lines.

I have, &c.,

JOHN HALL,

Postmaster-General and Commissioner of
Electric Telegraphs.

His Excellency Sir George Grey, K.C.B.,
Governor of New Zealand.

(APPENDIX.)

APPENDIX TO REPORT OF POSTMASTER-GENERAL.

COPIES OF, AND EXTRACTS FROM, OFFICIAL CORRESPONDENCE BETWEEN THE SECRETARY TO THE
GENERAL POST OFFICE AND MR. SHEATH.

Extract from Specifications of Contract for supply and delivery of 4000 poles between Hurunui and
Nelson:—

Christchurch, August 26, 1864.

“For the several works required in the supply and delivery of 4000 telegraph poles, more or less, for a line of Electric Telegraph to be erected between the River Hurunui and the City of Nelson as per Contract appended:—

1. The poles to be 25 feet long, not less than 6 inches diameter at the top, and not less than 8 inches diameter at the base.

2. The poles to be of Totara, Black Pine, Manuka, Blue Gum, and Birch, where approved of by the Telegraphic Engineer.

3. The whole of the poles to be straight, sound, free from shakes and loose knots, and charred and tarred for a length of six feet from the butt. * * *

A. SHEATH.

Extract of letter from Mr. SHEATH to POSTMASTER-GENERAL.

Christchurch, August 15, 1864.

* * * I must remark that when I have allowed the use of black birch I admit of nothing but the heart of the wood which is considered durable.

The sap of the birch I have not the least confidence in; in fact I object to saplings of all kinds of Australian and New Zealand woods, as I do not consider them at all durable; but where they can be easily renewed they may be allowed. * * *

In fixing the route in the neighbourhood of the Hurunui I have taken the opinion of several gentlemen well acquainted with the locality. * * *

The Honorable E. Stafford was of opinion that the line should be carried more into the heart of the country; but as this would incur greater length of line, as well as in places passing over high ground, a circumstance often detrimental to telegraphy, I deemed it prudent to choose the route advertised. * * *

Copy of letter from the SECRETARY to the General Post Office to Mr. SHEATH.

Sir,—

Auckland, December 13, 1864.

I have to inform you that the attention of the Postmaster-General has been particularly directed to the question of the character of the posts which are being erected throughout the Middle Island in the construction of Electric Telegraph line. He has been informed on very good authority that some of the posts, perhaps a majority, are of young wood, containing little heart and therefore almost worthless, especially between Blenheim and Nelson.

I have to call your particular attention to this point. The Postmaster-General will feel it necessary to withhold his approval from any item of account which is not in strict accordance with the contract; and I have to impress upon you the grave responsibility resting with you for any advice and recommendation you may offer in connection with this important work.

I have, &c.,

G. ELIOTT ELIOTT.

Extract of letter from Mr. SHEATH to the Honorable the POSTMASTER-GENERAL.

Sir,—

Christchurch, January 25, 1865.

It was the wish of the late Postmaster-General (Mr. Gillies) to try saplings, and it was in fact that gentleman who penned the advertisement calling for tenders for the poles between the Hurunui and Nelson. * * *

The only deviation made from that advertisement is in the nature of the wood. This deviation would not have taken place had I not received letter No. 64, 223 of July 23, 1864, informing me that red birch would answer my purposes very well for Telegraph posts. * * *

You will see that I received these letters on July 23 and July 29; and when the contractor came to sign his contract on the 7th September, I felt myself authorised to insert, and fully justified in supplementing the name of birch as of the specified woods. * * * This arrangement so far suited the Contractor that he allowed the clause “When approved of by the Telegraphic Engineer,” to be inserted. * * * Among the posts

lying between Christchurch and Woodend, a distance of about 12 miles, I have allowed the supply of a few red birch posts. The posts on this section of the line were supplied at a low rate, namely, 25s. per post, delivered along the line. * * * * *

EXTRACT from Specification for supply and delivery of 250 posts for line from Christchurch to Woodend:—

“The posts to be 25 feet long, 8 inches square at the one end, and six inches square at the other, to be of red or black birch and pine.” * * * *

A. SHEATH.

Copy of letter from the SECRETARY to the General Post Office, to Mr. SHEATH.

SIR,—

General Post Office, Wellington, 1st February, 1865.

I am instructed to inform you that when the Postmaster-General was at Picton at the early part of last month, he observed a large quantity of posts ready for shipment for some port of Canterbury, which were not apparently 8 inches square at the bottom. They were not squared nor free from sap; nor of the heart of the wood.

I have, &c.,

G. ELIOTT ELIOTT.

Extract of letter from the SECRETARY to the General Post Office to Mr. SHEATH.

SIR,—

Wellington, 3rd February, 1865.

I have to inform you that your communication of the 25th ult. does not supply all the information desired with reference to the posts furnished for the line of Telegraph, and I am to request you to report the names and descriptions, and probable quantities, of each of the different varieties of wood which are being used for this purpose. Each division of the line to be reported on separately.

Extract of letter from Mr. SHEATH to the Honorable the POSTMASTER-GENERAL.

SIR,—

Christchurch, 24rd February, 1865.

In reply to your letter of the 1st instant I have to inform you that Mr. Varley is now out inspecting the posts between Nelson and the Hurunui. I have received a letter from him dated 1st February, and he writes me as follows from Hawkswood:—“Most of the poles are laid down on the ground; they are, as far as I have seen, fully up to the thickness. I have been examining some black birch poles which have been standing three years, they are burnt and tarred; they are as sound as new. The black birch contains a great deal of heart, and I believe a good wood. There is almost no other wood in this country than black birch; I have, therefore, passed them. In fact, I believe we shall find that they are much better than manuka.” * * * *

With testimony such as this I really think the Government will be satisfied with the quality of the posts laid down. * * * *

In conclusion, I beg to say that I have examined black birch that has undergone very severe tests, and I must pronounce myself satisfied with the results. I have also taken the opinions of gentlemen that have used it, and have been assured of its excellent qualities for any purpose. * * *

Extract of letter from Mr. SHEATH to the Honorable the POSTMASTER-GENERAL.

SIR,—

Christchurch, February 24th, 1865.

In reply to your letter, of 3rd instant, I will take up the different parts of the enclosed letter published in the “Lyttelton Times” of the 31st January.

In the first place, the writer of the letter expresses surprise at the employment of birch saplings, which he asserts cannot certainly last more than three years.

As I am not acquainted with the name of the writer, I am not able to judge whether he is capable of forming an opinion on the subject; but Mr. Varley's evidence, produced in my letter of this date, would certainly go far to prove that he is not * * *

With regard to the selection of the line, I have chosen the route best calculated to afford us the least inconvenience—in an Electric and Telegraphic point of view—and should it be a little more expensive on this account, it is my opinion that a temporary rather than a permanent sacrifice should be adopted. Should the fears of the writer as to timber be borne out, I think it probable that I should, at a future period, recommend the adoption of iron posts to supply the place of the perishing timber; but this is not certain.

Copy of letter from the SECRETARY to the General Post Office, to Mr. SHEATH.

SIR,—

General Post Office, Wellington, March 18th, 1865.

With reference to your letter (January 25th, 1865,) noted in the margin, I am directed to call upon you to furnish this Department with a copy of the instructions referred to by you, authorising you to use saplings for the electric poles.

I have, &c.,

G. ELIOTT ELIOTT.

(APPENDIX.)

Extract of letter from Mr. SHEATH to the Honorable the POSTMASTER-GENERAL.

SIR,—

Christchurch, August, 11th, 1865.

* * * I am not aware that any deviation has been made from authorised contracts. I have received no specific written authorities with regard to any contracts whatever. I received verbal instructions from the late Postmaster-General to press on the works, and to use my discretion where any cases of emergency arose; that where I saw the works could be expedited by reasonable and additional outlay, I might incur extra necessary expense. I cannot admit that saplings have, in any case, been substituted for squared sapless wood. The use of squared timber in the construction of Electric Telegraphs is almost unheard of, and I believe I myself was one of the first to suggest such a course. * * * It appears almost useless employing anything but good matured timber. Saplings, even when freed of the sap, are neither durable nor sufficiently rigid to bear much strain.

Extract of letter from Mr. SHEATH to the Honorable the POSTMASTER-GENERAL.

Christchurch, August 15, 1865.

"The poles erected between Woodend and Hurunui are black pine saplings: and though they may not last so long as the sawn posts, they were considerably cheaper, and I have no doubt they will endure the ordinary term of Telegraph posts in England and the neighbouring Colonies, that is from seven to nine years- * * * With regard to the remaining portion of the line between the Hurunui and the City of Nelson, the works are progressing satisfactorily." * * *

Copy of letter from the SECRETARY to the General Post Office to Mr. SHEATH.

SIR,—

Auckland, 8th December, 1864.

I am directed to forward to you the enclosed copy of an extract from the Journals of the House of Representatives, and to request that you would be good enough to report, for the information of the Government, where you consider would be the best points for crossing Cook's Strait with a Telegraph line, and what would be the probable cost thereof.

I have, &c.,

G. ELIOTT ELIOTT.

Extract of letter from Mr. SHEATH to the Honorable the POSTMASTER-GENERAL.

SIR,—

Christchurch, 21st March, 1865.

* * * "Now that I see Telegraphic communication so near its realization I feel that I cannot too strongly impress upon the Government the expediency of at once taking over all the lines now working in the Colony, even should it be done in some instances at a moderate sacrifice." * * *

Extract of letter from the SECRETARY to the General Post Office to Mr. SHEATH.

SIR,—

Wellington, 3rd April, 1865.

I am directed to acknowledge the receipt of your letter, noted in the margin (March 21, 1865), and to inform you that, with reference to the last paragraph thereof, the Government do not intend at present to purchase any branch lines of Telegraph. * * *

Copy of letter from the SECRETARY to the General Post Office to Mr. SHEATH.

SIR,—

Wellington, 10th May, 1865.

Referring to my letter, noted in the margin (Dec. 8, 1864), enclosing copy of a resolution of the House of Representatives, and requesting your opinion on certain points with regard to crossing Cook's Strait with a line of Telegraph, I have to remind you that no reply has yet been received from you, and to request your attention to the matter at your earliest convenience.

I have, &c.,

G. ELIOTT ELIOTT.

Extract of letter from Mr. SHEATH to the Honorable the POSTMASTER-GENERAL.

Christchurch, 26th May, 1865.

* * * "It would be a matter of great importance to get soundings taken in Cook's Strait, and to ascertain the nature of the bottom, so that the best route may be decided upon for carrying a cable across, and information at the same time be afforded as to the nature of cable required." * * *

"The total cost for the entire work I estimate to be about £20,000, and I should, therefore, recommend that sum to be placed on the Estimates for the Cook's Strait Submarine Telegraph Cable."

Extract of letter from the SECRETARY to the General Post Office to Mr. SHEATH.

(APPENDIX.)

Wellington, 9th June, 1865.

I have the honor to acknowledge the receipt of your letter, as per margin (May 26, 1865) on the subject of the Submarine Telegraph between the shores of Cook's Strait. I am instructed to remind you of the fact that, consequent on a resolution of the General Legislature, your attention was drawn to the necessity of giving the Government the necessary information as to the nature of the cable in my letter of December 8, 1864, and that, not having heard from you on the subject, your attention was again directed to the question on the 10th May last. Your letter under reply implies that a survey of the Strait is necessary as a preliminary measure. The Postmaster-General is at a loss to conceive why, if you were of opinion that the Admiralty chart did not give you sufficient data for the formation of an opinion, you did not point it out at the time, instead of allowing so many months to elapse and your attention to be recalled to the point.

Extract of letter from Mr. SHEATH to the Honorable the POSTMASTER-GENERAL.

Christchurch, February 26, 1864.

I find it will be necessary for me to take offices in Christchurch, as there is neither room in the Government Buildings nor in the Post Office of that town.

I have been looking for a suitable place, and a house opposite to the offices of Mr. Travers has been offered me which would serve both as office and store for materials, at an annual rental of £150, subject to six months' notice in case of leaving. The position is central and convenient to the Government Buildings, the Post Office, and the present Telegraph Office.

A staff sufficient to carry on the increasing and necessary business of the department should, I think, be at once appointed: and I should, in the first place, propose the appointment of a General Manager. * * * * * This appointment should bear, I think, a salary of £300 per annum. I can confidently recommend for this appointment an officer that I have tried and proved since the opening of the Telegraph lines in this Province, and one that I am convinced will give every satisfaction. I refer to Mr. Abraham Sheath, residing in Christchurch. The next appointment I shall recommend will be that of a Surveyor, at a salary of from £200 to £250 per annum, with the usual allowances of forage and field expenses. The remaining appointments should be those of two Linemen: for these appointments I recommend H. Smith and E. Green, both at an annual salary of £200, with allowances when on duty.

Extract of letter from the Honorable the POSTMASTER-GENERAL (Mr. Gillies) to Mr. SHEATH.

7th, May, 1864.

* * * "You are hereby authorised to have the necessary office and store at a rental not exceeding £150 per annum; and to engage Mr. Abraham Sheath, as General Manager, at a salary of £300 per annum, and Messrs. Smith and Green, as Linemen, at £200 per annum each; also, to engage a competent Surveyor, at a salary not exceeding £250 per annum; these salaries to be exclusive of the usual allowances when engaged in the field. All these appointments must be considered as only provisional until the establishment of the lines, when the service will be placed on a permanent departmental footing."

Copy of letter from the SECRETARY to the General Post Office to Mr. SHEATH.

Auckland, October 27th, 1864.

I am directed to forward for your information the enclosed applications (as set forth below) for appointments in the Telegraph Department.

These applicants have been informed that it would be premature to make any such appointments at present; and that when they become necessary their applications will be taken into consideration,—for this purpose I have forwarded the letters to you, and having taken a note of them, you will be good enough to return them.

I have, &c.,

G. ELLIOTT ELLIOTT.

John V. Dalgarno, Electric Telegraph, Sydney.

John Quodling do. do.

Dalway Bell do. do.

E. C. Cracknell, Supt. do. do.

P. N. Nixon, Post Office, Auckland.

Extract of letter from Mr. SHEATH to the Honorable the POSTMASTER-GENERAL.

Christchurch, November 16th, 1864.

* * I have proposed certain alterations in salaries, and additional appointments for the following reasons:—The salary (£500) of your Telegraphic Engineer is far lower than is usually paid in the neighboring colonies. This is not, however, my sole reason for proposing the alteration. The Electrician who holds a subordinate position is in receipt of the same salary that your Engineer has hitherto been receiving, and I think it advisable some difference in rate should be made. The next alteration I propose, is that

(APPENDIX.) of the salary of the General Manager; for, on the opening of the line, his duties will be of a very arduous character. The two men that have hitherto held the appointment of line-men, have proved themselves so useful and zealous in their duties, that I propose giving them not only an increase of salary, but also a different style of appointment. I have also to propose the appointment of a storekeeper, at £150 per annum. The appointment of a storeman will further be necessary, who will be a sort of rough assistant to the storekeeper. I therefore propose allotting a salary of £125 per annum to this appointment.

Copy of letter from the SECRETARY to the General Post Office to Mr. SHEATH.

SIR,—

Auckland, December 6th, 1864.

I am directed to acknowledge the receipt of your letter (November 16th, 1864,) noted in the margin, and to inform you that it is not the intention of the Government to bring forward any Estimates during the present Session of the General Assembly; therefore your recommendation respecting increases of salaries for the officers of your Department cannot be entertained.

I have, &c.,

G. ELIOTT ELIOTT.

Copy of letter from the SECRETARY to the General Post Office to Mr. SHEATH.

SIR,—

General Post Office, Wellington, February 1st, 1865.

With reference to your letter of the 28th December, 1864, requesting that arrangements might be made for appointing the necessary officers for working the line of Telegraph. I am directed to authorise, as an experimental commencement, your adopting the plan marked "Appendix E." in your Report of November the 15th last for this purpose, with this addition, that there should be another station at Tokomairiro, where branch lines diverge to the Goldfields. I attach a copy of the Appendix alluded to, and it will be necessary that you submit the names of the gentlemen whom you recommend for the several offices, for the approval of the Postmaster-General. It is observed in this Appendix, that the expenses of the Head Office are put down at £2,325, which is considered very large in comparison with the total proposed expenditure; and it will be necessary very minutely to explain the necessity for this before it can be sanctioned.

I have, &c.,

G. ELIOTT ELIOTT.

Appendix referred to in the above:—

Head Office	£2325
Fitting Eight Stations	400
Bluff Station	300
Invercargill Station	300
Dunedin „	300
Oamaru „	100
Timaru „	100
Christchurch „	300
Picton „	175
Nelson „	200
Contingencies, &c.	1750
	<hr/>
	£6250

Copy of letter from the SECRETARY to the General Post Office to Mr. SHEATH.

SIR,—

General Post Office, Wellington, March 25th, 1865.

Referring to your letter (December 28th, 1864,) noted in the margin, representing the necessity of appointing the necessary staff of Telegraphists, as parts of the line would then soon be ready for operation, and to my reply thereto of the 1st February last, authorising the appointment of such staff, I am directed to enquire the cause of the delay which has prevented the line being brought into operation.

I have, &c.,

G. ELIOTT ELIOTT.

Extract of letter from Mr. SHEATH to the Honorable the POSTMASTER-GENERAL.

Christchurch, May 30th, 1865.

* * In presenting the estimates of expenditure for this Department for the ensuing year, viz.:— * *

ORDINARY EXPENDITURE.

Salaries.—General Superintendent	£600
Engineering Department	2275
General Management and Accounts	750
Signals Department	3275
Advertising	100
Contingencies	50
Rent and Office Expenses	500
Stationery and Printing	600
Travelling Expenses	600
	<hr/>
	£8750

* * * * *

Extract of letter from the SECRETARY to the General Post Office to Mr. SHEATH.

(APPENDIX.)

Wellington, 9th June, 1865.

I have been instructed by the Postmaster-General to acknowledge the receipt of your letter, as per margin, (May 30, 1865), on the subject of increasing the establishment of the Electric Telegraph Department from £6,250, as proposed under scale E in your letter of the 15th November, 1864, and sanctioned by Government in my letter of the 1st February last, to £8,750. * * *

In your letter under reply you propose to increase the staff from £6,250, as mentioned in your letter of Nov. 15, 1864, to £8,750, and your recommendation is apparently based upon the results of some few days' receipts.

I am instructed to inform you that before sanctioning such an increase it will be necessary for you to forward to me a detailed statement exhibiting the return of each station on the line, with the tariff in use, and to explain whether any, and if any, what additions are required at each station, and the grounds on which each recommendation is based.

On receipt of this information, so necessary to the formation of a sound judgement, the Postmaster General will take the sense of the Government on the subject.

Copy of letter from the SECRETARY to the General Post Office to Mr. SHEATH.

SIR,—

Wellington, 21st July, 1865.

With reference to your letter of the 15th instant, suggesting that five line men be appointed to reside at the Telegraph stations noted in the margin, at salaries at the rate of one hundred and fifty pounds per annum, with allowances of 5s. per day each while actually travelling, and actual outlays for coach-fares, I am directed to inform you that your suggestions have been approved as a temporary arrangement.

I have, &c.,

G. ELIOTT ELIOTT.

Copy of letter from the SECRETARY to the General Post Office to Mr. SHEATH.

SIR,—

General Post Office, Wellington, August 8, 1865.

I have the honor to acknowledge receipt of your letter as per margin (July 28, 1865), and in reply I am directed to inform you that the appointments of Messrs. Brisne and Logan to be line men at Christchurch and Dunedin respectively have been approved by the Postmaster-General.

I have, &c.,

G. ELIOTT ELIOTT.

Extract of letter from the SECRETARY to the General Post Office to Mr. SHEATH.

Wellington, August 19, 1865.

I am directed by the Honorable the Postmaster-General to direct you to make such preliminary arrangements as may be necessary, preparatory to the establishment of Telegraphic stations at Clutha Ferry, Tokomairiro, and Kaiapoi.

It is proposed that these offices should be in connection with the several Post Offices at these places which will necessitate additions to the present Post Offices at the two latter, and a new building suitable both as a Post Office and Telegraph Office at Clutha Ferry. * * * * *

New Zealand Government Telegraph Department,
Wellington, 27th July, 1867.

SIR,—

I have the honor to forward my third annual report on the progress and working of the New Zealand Telegraph Department.

The report would have been in earlier but for the necessary delay in obtaining returns from the outlying stations.

The whole of the station returns are complete, with the exception of those of Tokomairiro, to which a small amount might be added had I time to collect a few missing returns.

I have, however, concluded it, as it is advisable to send in my report without further delay, and thus pass over the returns we shall have to compile as time and occasion permit.

I have, &c.,

The Honorable
The Telegraph Commissioner, Wellington.

ALFRED SHEATH,
Telegraph Engineer.

REPORT.

THE numerous complaints that have been made of the working of the Telegraph Department in this Colony, coupled with the energetic measures recently adopted by the Government for remedying the evils complained of, render some explanation necessary on my part, as well in justification of myself, as for the credit of the Staff generally; and I doubt not but on taking a glance at the course adopted in the working of the Department during its inauguration I can clearly shew that, had my suggestions been adopted, most of those evils would have been prevented.

RETROSPECT.

On my first connection with Telegraphs in New Zealand, I took some trouble to ascertain the character of the different woods in the Colony, with the view of adopting the best description of timber for Telegraph posts.

The reports I received, however, were so conflicting, as to the nature and durability of New Zealand timbers, that I recommended the Canterbury Provincial Government to use blue gum, where totara could not be obtained, as both these timbers had been well tried.

I accordingly visited Tasmania for the purpose of procuring blue gum posts, and I then found that the sap wood (both of Australian and New Zealand timbers) was comparatively useless, and could not be expected to last more than four or five years under the most favorable circumstances.

I saw some blue gum saplings used as Telegraph posts near Hobart Town, that had not been in the ground more than three years, and they were completely rotted through.

Under these circumstances I addressed letters to the Postmaster-General, and to the Superintendents of Canterbury, Otago, and Southland, strongly urging them to allow of nothing but the heart of Australian and New Zealand timbers in the construction of their Telegraphs, announcing at the same time my thorough want of confidence in the sap woods of these Colonies.

The only Government that acted upon my suggestions and took advantage of my warnings, was the Provincial Government of Canterbury; and the result has shewn how far I was right, and how well it would have been had my suggestions been universally adopted.

The totara and blue gum posts erected between the Rangitata and the Waitaki, are now as sound as when first put into the ground, while the saplings used in the other Provinces are fast falling to decay, and will require constant renewal.

Correspondence on this subject has already been laid upon the Table of the House of Representatives during a previous session.

In concluding my annual report in 1865, I drew the attention of the Government to the desirability of appointing Telegraphists as Postmasters where the Post-offices and Telegraph Stations were combined and the business had to be performed by a single officer.

The suggestion was not carried into effect, and, on sundry complaints being made of the working of some of these Stations, I again urged the necessity of carrying out my suggestions, when I received the following reply, September 21st, 1865:—"I am further directed to inform you that it is the express desire of the Postmaster-General that the Telegraphists remain subordinate to the Postal Department, so that it will be unnecessary to revert to this subject on any future occasion."

As the business increased, and new Stations were opened, the demand for experienced and efficient operators soon became apparent. I therefore hinted at requiring an increased Staff of Telegraphists, and on June 2nd, 1865, received the following reply:—"I am directed to acknowledge the receipt of your letter, reporting the progress of the working of the lines of Telegraph, and suggesting the probability of a larger Staff of Telegraphists being required, and to inform you that you are requested to be cautious in drawing inferences from the first indications; it is prejudicial to the public interests to reduce establishments, and, therefore, great caution must be exercised in creating them."

On May 20th, 1865, I wrote as follows:—"I have, I am sure, placed as few on this Staff (referring to the Head Office) as the nature of the duties require; but, at the outset, it will be required of all to use more than ordinary exertion; and I have no doubt as business increases the Government will be willing to accord extra assistance." "The 4th item noted as the Signals Department is a very important one."

"We have made an experimental commencement on the lowest possible scale of Staff employed, and we have obtained two results:—First, a knowledge that the Telegraph will more than pay its working expenses. Secondly, that the business may be extended with advantage offering increased facilities."

"To this end I have proposed greatly augmenting the Staff of Telegraphists or Signallers, and I am convinced that the business of the Stations cannot be satisfactorily performed without the Staff at each Station is raised to that I propose."

On the 6th June, 1865, I received the following reply :—"I have been instructed by the Postmaster-General to acknowledge the receipt of your letter on the subject of increasing the establishment of the Electric Telegraph Department from six thousand two hundred and fifty pounds, as proposed under Scale E in your letter of the 15th November, 1864, and sanctioned by Government in my letter of 1st February last, (T 65.3), to eight thousand seven hundred and fifty pounds."

"Your subsequent proposal for an increase of Staff was submitted by the Postmaster-General for the consideration of Ministers, who decided to adhere to existing arrangements."

A quotation from a letter, dated January 31st, 1865, will shew that the duties devolving upon the Head Office were considerably underrated :—"The Government is of opinion that when the line is completed, the Telegraph Engineer should perform the duties of General Manager."

Seeing that my suggestions were so generally disregarded or superseded, I, on the 13th June, 1865, wrote as follows :—"I should be very sorry to think or feel that the Government doubts in the slightest degree that any recommendations I may make are made without due reflection and consideration ; and, moreover, that such recommendations are not made with the view of advancing the interests of the Department."

"I have had considerable experience in the organizing and re-organizing of Telegraphic services during the last fourteen years, and am, therefore, not likely to be led to any erroneous conclusions in these matters."

"The progress of Telegraphy is well known, and has been well proved." And further, in the same letter I wrote :—"The propositions I have made for an increase of Staff are, I think, necessary even at present, and for reasons I will give you."

Further, in the same letter I have written :—"In proposing two Telegraphists I wish it to be understood that I do not want to put the Government to a greater expense than is absolutely necessary."

"Cases may occur when I can procure youths at lower salaries as probationists or junior assistants, who may suit our purposes well ; and, when such can be done, the Government may rely upon my using every endeavour to do so."

The reply I received now fully convinced me that my suggestions were not appreciated. "June 21st, 1865 :—I am directed to reply to your letter in answer to mine of the 2nd instant, on the subject of the large Staff of Telegraphists. The Postmaster-General desires me to remark that he is responsible to his colleagues and the Assembly for the efficient working of the Departments under his supervision, and that he considers such remarks as are contained in the letter under reply (similar to those which have appeared in other letters) as unnecessary, and desires that they may not be repeated. The progress of Telegraphy, as you observe, is well known, and has been well proved ; and the Postmaster-General is not inclined to confine his investigations on the subject to any one person."

"It is your duty to make recommendations, and his to decide whether he considers it advisable for the Public Service that they should be adopted."

On receiving letters complaining of delays in rendering the returns of the Department, I was, on the 20th July, 1865, again compelled to write as follows :—"What particularly concerns myself, is the note expressing dissatisfaction at the delay experienced in receiving answers to letters from this Office."

"I am really very sorry that the Honorable the Postmaster-General should find occasion for such a complaint. I myself, and every one in connection with the Department, have found it necessary to work very hard to keep business as much advanced as we have done."

"During the last eight months the correspondence in this Department has increased more than four-fold, and we have not been allowed any extra assistance."

"When I took upon myself the entire engineering and superintendence of the line, I did so under the conviction that the correspondence of the Department would continue the same as when I entered upon the duties ; and, before concluding my letter, I added—I cannot help but feel very much hurt to receive such constant complaints ; but, unless I be accorded further assistance, I am powerless to remedy the evils complained of."

No notice was taken of my repeated applications for extra assistance, and I cannot see how I can be held responsible for evils I had no means of remedying.

A system was at one time adopted by which Postmasters and Messengers alone were eligible as learners of Telegraphy, but it signally failed, and the service has in consequence been hampered with inexperienced and inefficient operators.

This evil, however, has lately received the attention of the Government, and I am happy to announce that several youths of fair average education and respectable connections have been taken into the service as cadets, from whom more beneficial results may be anticipated.

The correspondence, accounts, and returns of the Department soon became so extensive that the whole of the time of the General Manager and myself was absorbed in office duties, the general working of the stations, and maintenance of the lines being left to advance as best they could, no competent supervision being possible under the circumstances.

The General Manager and myself worked early and late, both Sundays and week-days, vainly endeavouring to keep pace with the increasing business, till a severe attack of brain fever, brought on by constant and unremitting exertion, deprived me altogether for a time of the services of my assistant, and I then felt myself bound to relax the efforts we had both been making.

The adaptation of the Telegraphic system to the requirements of Government Regulations has been a matter of difficulty and a means of greatly increasing the work of the various Officers of the Department.

In establishing Telegraphic communication throughout the colony, it has been my constant aim to reduce delay in the transmission of telegrams as much as possible, and to this end I have erected two

wires, the one to be worked between the principal towns and important stations, and the other to be used in connection with the minor towns and stations.

During the short period I was able to visit the stations and examine the line myself I kept these two lines in almost constant working, but as soon as I was compelled to give up my whole time to office duties, and had to leave station arrangements and the repairs of lines in the hands of others, the use of the two wires was found quite impracticable.

Instructions to work the two lines were repeated without avail; but I doubt not, had I been in a position to see to the matter myself. I should have been able to overcome whatever difficulties had to be contended against.

I have been connected with the working of Telegraphs in England, on the Continent of Europe and in other parts of the world for fifteen years, but during no part of my professional career have I worked harder or with less satisfaction to myself, as well as to those around me, than during the period I have been engaged on the General Government lines of New Zealand.

This I attribute to restraint in action, and the want of being allowed competent assistance in the various branches of the Department.

The low rate of salaries paid in the Department, coupled with the rule of the Civil Service, that travelling expenses cannot be allowed to officers entering upon new appointments, has prevented our obtaining the services of good operators, both in the neighboring Colonies and Great Britain.

CONSTRUCTION OF LINES.

Since presenting my last Report, the construction of two short lines of Telegraph has been completed; the one extending from the Wairau Ferry (near Blenheim) to White's Bay, and the other from Wellington to Lyall's Bay.

The lines were constructed for the purpose of connecting the Main Trunk lines of the two islands with a Submarine Telegraph Cable.

The whole cost of these lines will be brought into the item "Permanent Expenditure" for the past year.

The Military Telegraph Lines in the Province of Auckland have been purchased by the Government, but I have not introduced the cost of them into my expenditure for the past year. The Dunedin and Port Chalmers Line has likewise been purchased by the Government.

A branch line connecting the Government Buildings with the Wellington Telegraph Office, and thus with the rest of the Telegraphic system throughout the Colony, has been erected and will be found of great utility to the Public Service, as well as of great convenience to the Members of both Houses of Assembly while in Session.

Contracts have been let for the construction of those portions of the Main Trunk Line in the Northern Island, lying, first, between Wellington and Masterton; and further, between Masterton and Castle Point.

The contract price of the former is £33 per mile, and that of the latter £38 12s. per mile.

About forty miles of posts have been erected and fitted between Wellington and Masterton, and twenty miles between Masterton and Castle Point.

The difficult nature of the country between Wellington and the Hutt has caused some delay to the contractor, who, to avoid the use and expense of heavy poles sunk into the rocky beach, as at first directed by me, placed ordinary poles at shorter distances along the margin of the main road.

The road, however, being formed of loose earth and the sea running unusually high during one of the early storms of the season, many of the poles were rendered unsafe, and, in one or two, instances were washed down.

The heavy timber and long spans, as at first recommended by me and since suggested by Mr. Donovan, will now be adopted, and, I doubt not, with satisfactory results.

The construction of the line across the Mungaroa and Rimutaka Ranges has been attended with more than ordinary difficulty, owing to the winding nature of the road and the wooded and rugged character of the country; and these points also have greatly retarded the progress of the works on this section.

The wire for this section has been supplied to the contractor, but it is doubtful whether the full compliment of insulators can be given out till the arrival of the "John Bunyan" from London, which ship is conveying Telegraph stores to this port and was expected to sail about the end of April last.

On the sections between Masterton and Castle Point, and between the Tauheru river and the Taupo Rocks, in the Maungapikia Valley, the construction of the line will be attended with great difficulty, owing to the road not being formed, and the present unsettled state of the weather. I doubt not, however, but that the whole of the poles on this section will be erected shortly after the arrival of the insulators from England.

Tenders have been sent in and accepted by the Government for the supply and delivery of Telegraph posts for extending the Main Trunk Line as far as Napier.

These posts are all to be of a first-class description, and cut from the heart of totara.

The cost per pole for ordinary lengths will be 40s., for the section of the line between Castle Point and Parangahau; and 33s. for the section between Parangahau and Napier.

The survey and the marking off of the north section has commenced; and the south will be commenced as early as possible. We may, therefore, expect to see the posts delivered along the whole distance by the end of October, and the construction of line may be completed by New Year's Day, 1868.

After the sad experience of the past none but the heart of the most generally approved timbers has been admitted for telegraph posts in existing contracts; and, although matai or black pine has been allowed in some instances, still the heart of totara will in future be employed as much as possible in preference to any other New Zealand timber, owing to the imperishable nature of this wood.

THE COOK'S STRAIT TELEGRAPH CABLE.

In my last Annual Report I was only able to announce the arrival of the Cook's Strait Cable in Port Nicholson : but, while the Members of the Houses of Assembly were still in Session, I had the satisfaction of reporting the establishment of telegraphic communication between the two Islands by the successful submergence of the sub-marine cable.

The cable has now lain undisturbed for nearly twelve months, the term over which the responsibility of the contractor was to extend.

The difficulty and expense attending communication with the Cable House at White's Bay, the landing point of the cable on the Middle Island, has been a source of great inconvenience, and has prevented our testing the cable so regularly or so often as we otherwise should have done had greater facilities been afforded.

The tests that have been taken, however, have been sufficient to indicate the character and condition of the cable.

The cable contains three conductors, each of which can be used independently of the others as required.

On the arrival of the cable at this port all the three of these conductors were found to be in excellent condition, and I had hoped to see the cable laid without accident so that the conductors might have been consigned to their resting place as nearly as possible in the condition we then found them.

Two unfortunate accidents, however, occurred ; one, while paying out the cable, owing to the strong tide rip ; and the other, immediately after the completion of the laying of the cable, caused by a piece of coire rope attached to the cable fouling the screw of the "St. Kilda."

These two accidents necessitated the making of three splices in the cable, all of which became doubtful points and sources of apprehension in the future working of the cable.

By recent tests, two of the conductors prove to be in excellent condition ; and, as far as insulation is concerned, they exhibit signs of great improvement since the cable has been submerged, while the insulation tests of the remaining third conductor give results far below the other two.

But, notwithstanding this conductor is not so perfect as the other two, it can be worked with moderate currents without interrupting or interfering with the general working of the lines ; and, while two of the conductors are in such perfect condition, I should doubt the advisability of again cutting the cable to remove the existing fault from the third conductor.

Careful tests will, however, be taken to ascertain the real state of the faulty wire, and if the result of these tests should indicate the existence of the fault at any one of the three splices above referred to, I may then (considering the circumstances of the case) deem it my duty to recommend that the cable be raised and the fault removed ; but should our tests give indications of the existence of this fault at any other point—and that more especially in deep water—I shall certainly recommend that the cable be left intact till the faulty wire becomes so bad that it will work no longer, or till some accident or contingency may arise that will render the raising of the cable necessary.

With careful nursing, and by avoiding the use of strong electric currents, the faulty wire may continue to work for years ; and under these circumstances I deem it imprudent (without very good reasons present themselves for so doing) to risk damaging the two good wires for the sake of this comparatively faulty one.

Should the fault, however, prove at either of the splices—and especially at the one made in White's Bay—the matter will be different ; and, prior to taking further tests, I am disposed to suspect the seat of the evil to be at the splice in White's Bay itself.

DECAY AND RENEWAL OF TELEGRAPH POSTS.

The rapid decay of the saplings used as Telegraph posts in some parts of the Middle Island, has become a matter for serious consideration, and I fear some of the lines will never be worked successfully or satisfactorily till good posts cut from the heart of timber, well-known for its durability, replace the saplings that are now causing such constant interruptions.

Under these circumstances I have recommended the renewal of the whole of the Telegraph posts between Woodend, in the Province of Canterbury, and Blenheim, in the Province of Marlborough—a distance of about one hundred and eighty miles—and I estimate the cost of this work at about six or seven thousand pounds.

It will be better, however, for the Government to sanction this outlay at once, than to perpetuate the injury done to the financial prospects of the Department, to the commercial interests of the Colony, and the public service generally.

The difficulty of communication in many parts of the Colony renders it imperative that every means should be adopted for insuring the strength and permanency of the lines.

It was chiefly on this account that I at first recommended the rejection of the sap-wood, and why I am now yielding to the oft-expressed opinion, that a greater number of posts will insure greater strength and security to the lines.

I nevertheless consider that, under ordinary circumstances, sixteen posts to the mile—posts such as I generally recommend—are ample for purposes of security.

The fewer the number of the posts, the better will be the insulation of the lines ; but, of course, there is a limit beyond which prudence would refuse to go.

In one portion of the Canterbury Province, and that on the Waitaki Plains, ten posts only to the mile are used, and this number is found quite sufficient.

While renewing the poles on the section recommended, I think it would be advisable in some few places to divert the line from its present course, in order to render it more easily accessible to line men, as well as to render it more secure by cutting out certain unnecessary angles.

To this end I propose going over the line between Woodend and Blenheim as early as possible; and, if I am accompanied by a competent Surveyor, I can point out to him wherever I consider changes necessary or desirable, so that he may mark off the points at which the new posts are to be erected.

APPOINTMENT OF A PERMANENT SURVEYOR.

My suggestion with regard to the diversion of the line, leads me to suggest the necessity of the appointment of a permanent Surveyor who may thoroughly study the theory and practice of laying out Telegraph Lines, and who may give his undivided attention to any future surveys connected with the Department.

Owing to the broken and hilly character of the country, many parts of New Zealand require very careful surveys before a satisfactory route can be laid down for a good line of Telegraph.

A thoroughly competent Surveyor should therefore be secured, and, if possible, one that has been accustomed to similar works, in order that we may be in a position to carry out our surveys as occasion may require.

ESTABLISHMENT OF STATIONS.

During the past year Telegraph Stations have been opened at Waikouaiti, Kaikouras, Cheviot Hills, Havelock, Balclutha, and the Government Buildings, while the station at Port Chalmers has been added to the list of General Government stations.

A building has been erected at White's Bay—the southern landing point of the Cook's Strait Submarine Telegraph Cable—to be used as a translating station; and the establishment of this station is a matter of very great importance, as it will tend greatly to the future welfare of the cable, by removing the necessity of employing the strong currents we have hitherto been compelled to use, owing to the length of land lines worked in connection with the cable.

Daily, or at the very least, weekly tests should be taken of the electrical condition of a Submarine Cable; but the difficulty and expense of sending a Telegraphic operator from Blenheim to White's Bay, has hitherto almost totally deprived us of the power of taking any but very rare tests, and those of a very hurried description.

Although this station will not directly return any revenue to this Department, it may be looked upon as one of the most important stations on the line, owing to its great utility.

In a country like New Zealand, where communication is both rare and difficult, it will not only be useful to the Department; but conferring a benefit on the public generally to encourage the establishment of stations in the outlying districts as much as possible.

The Government cannot, however, be expected to take upon itself the whole burden and cost of establishing such stations; and I would, therefore, recommend a scheme that would seem to meet the case.

My proposition is, that stations be opened in any outlying district contiguous to the lines of Telegraph, where the settlers and inhabitants generally will guarantee an annual revenue to the Department of from one hundred to one hundred and fifty pounds per annum, as required to meet the working expenses of such stations.

The value of all ordinary telegrams, originating at such stations, will be taken into account at the end of each year; and should the revenue, derivable from this source, fall short of the specified guarantee, the guarantor or guarantors will be called upon to supply the deficiency.

In this manner, I think stations might be established in the Middle Island; one between Blenheim and Kaikoura; one between Cheviot and Kaiapoi; one or more, perhaps, between Balclutha and Invercargill.

The establishment of small stations without such guarantee falls heavily upon the Department; and, while wishing to give the public the greatest possible advantage to be derived from the Telegraph, the interests of the Department must not be entirely lost sight of.

WORKING OF THE LINES.

The frequent interruptions that have occurred on the lines during the past year have been chiefly owing to the perishable nature of the saplings used as Telegraph posts, between Woodend, in Canterbury, and the City of Nelson.

The avoidance of bush clearing, and especially between Nelson and Picton, has been another very serious cause of interruption, and this has chiefly arisen from the desire to exercise the strictest economy in the construction of the lines.

During the past year, however, the Government has wisely entered into arrangements with the Provincial Governments of Nelson and Marlborough for clearing the bush in the most dangerous localities; but while the clearing is going on frequent interruptions and delays are sure to occur.

Where Public Works have to be carried on in new countries like New Zealand and the neighboring Colonies, great allowance ought to be made, owing to the numerous difficulties and obstacles that have to be encountered.

The cost of labor, the want of good roads, the absence of the means for conveying tools and material, and the difficulty of transit, are considerable drawbacks in carrying on most of our works.

We cannot expect to be exempted from accidents in this country more than in any other, and we must, therefore, however unwillingly, submit to the prospect of breakdowns and interruptions.

The chief thing to be done in the matter is to provide the means for speedily repairing our accidents when they do occur; and I am happy to say that during the past year active and extraordinary measures have been adopted by the Government in this regard.

The number of line men has been increased, and arrangements have been entered into by which extra assistance can be obtained along the line whenever such extra assistance may be required.

It must not be supposed that the New Zealand lines of Telegraph alone are subject to interruptions, for we have recently read of many miles of Telegraph being destroyed in England by snow storms and high winds; and in the last Report of the General Superintendent of Telegraph in Victoria we read as follows:—

“The insulation and electrical capabilities of the various lines continue satisfactory: but the number and duration of interruptions have been unusually great during the past year.

“It will be perceived that the serious interruptions have been confined almost exclusively to two sections of the lines, viz., Melbourne and Sale, and between Jamieson and Wood’s Point. The present character of the country through which, for a considerable distance, these lines pass, is such that occasional interruptions must be anticipated for at least some years to come; but as the existing bush tracks give place to regularly cleared and formed roads, much of the inconvenience now experienced will be removed.”

Here we see that interruptions are anticipated for years to come and that, in a Colony standing so high in the scale of advancement as Victoria.

Great injury has been done to the Department by persons wilfully breaking the insulators in the neighborhood of towns and villages; but, as a reward of fifty pounds has been offered for the conviction of offenders, I hope a stop will now be effectually put to this evil.

Causes of complaint have arisen, I am sorry to add, from the inefficiency of many of the operators employed in the Department, but this has mainly resulted from the mistaken policy of placing Postmasters in charge of Telegraph Stations, and admitting, as a rule, none but messengers to instruction as operators.

On opening the Telegraph Service in this Colony economy and not efficiency in working the Department appeared to be the main object; but the exaction of the greatest amount of work at the least possible expense is not always advisable.

I am pleased to see that endeavors are now being made by the Government to rectify existing evils by appointing a number of respectable youths as cadets, who, from their education and position in society, may be expected in due course to turn out efficient and useful officers.

I cannot however, disguise the fact that a great evil has arisen from the want of proper supervision over the stations and the staff engaged on the line works.

This supervision I have been prevented giving myself owing to the demands made upon my time by office work; but arrangements have now been made by which I shall be relieved of much of the work that has hitherto fallen to my lot, and has prevented my performing my own legitimate work.

During the past year several additions have been made to the staff at the Head Office.

The appointments of General Manager and Accountant have hitherto been held by one officer; but as the accounts alone were fully sufficient to engross his whole attention, much of the correspondence and detail business of the Department devolved upon myself, greatly interfering with my own special business.

A separate officer has recently been appointed as General Manager, and the appointment of Accountant will in future be kept perfectly distinct, there being abundant work for each officer in his special Department.

This arrangement will now permit me to absent myself from Head Quarters more than I have hitherto been able to do; and I doubt not, in consequence of this, the working of the lines during the current year will be carried on with greater advantage to the Department, and with greater satisfaction, not only to myself, but to the public generally.

THE FINANCIAL CONDITION OF THE DEPARTMENT.

In making out the returns of business done during the past financial year, I have given a separate and distinct return for each branch of business done, shewing the Ordinary or Private Telegrams (Appendix No. 1); the Press Telegrams (Appendix No. 2); the Provincial Government Telegrams (Appendix No. 3), and the General Government Telegrams (Appendix No. 4).

The three first items shew the absolute cash payable as revenue, and the fourth gives the value of work done on behalf of the Public Service of the Colony.

Although no cash is derivable from this last branch of business, still the work has to be done, and officers have to be provided to perform it.

If the lines were in the hands of a private company or a private proprietor, these telegrams would have to be paid for; and, therefore, I think the value of these telegrams should be placed to the credit of the Department.

I have, however, kept the absolute cash distinct from work done on the Public Service, to shew how favorable are past results, and to enable the Government to form a just opinion on the prospects of the future.

I have not the slightest doubt but that next year the absolute cash receipts will considerably more than clear the working expenses of the lines; and if so the whole gain to the Public Service, which is the value of Government Telegrams, will be applicable to the reduction of permanent expenditure, or outlay, for the construction of lines, station buildings and fittings.

On looking over the comparative statement of business done during 1865-6 and 1866-7 (Appendix No 5), it will be seen that every branch of business has been greatly on the increase, for, during the first period, the total number of telegrams transmitted amounted to 27,335, at a total value of £5,976 7s. 0d.; while for the latter period the total number of telegrams transmitted was 70,386, and the total value, £12,840 14s. 9d.

This shews that the business done during the past year is considerably more than double that of the preceding year.

The number and value of ordinary telegrams alone, far exceed the whole business done during the former year.

This is a cheering prospect and shews the importance of encouraging this class of business.

The item under "Press" has nearly doubled during the past year, and this return will continue to shew a considerable advance as the Colony becomes more developed.

The item, however, which has made the most remarkable advance in the scale of increase, is that of General Government Telegrams, but this is fully explained by the extension of wires to the seat of Government; and as our lines gradually extend, we must look for a corresponding increase in this branch of the Department.

The absolute cash revenue then derivable from all sources is, £9070 10s. 1d.; being £7594 12s. 8d. for ordinary telegrams; £1005 17s. 5d. for press telegrams; and £470 0s. 0d. for Provincial Government telegrams.

If we assume that a capital of £120,000 has been expended on behalf of the Department, including all expenses hitherto incurred, which is, I feel convinced, a very fair margin, we find this year alone a return of about seven and a-half per cent.; and if the sum of £150,000, originally estimated as the amount required for the construction of lines in both Islands, had actually been set aside for these works, the year's cash receipts would return interest on the whole amount at a rate of six per cent.

Had the lines been in the hands of a private proprietary, this would be the light in which the matter would be viewed.

It will be seen, in this view, I have taken of the question that I have excluded the value of business done on the Public Service, so that none may object to these very satisfactory results of the service.

The expenditure for the year has been divided into two classes, the one embracing the Working Expenses (Appendix No. 6), and the other the cost of construction of lines and that of Station Buildings and fittings (Appendix No. 7).

The working expenses I intend to charge against revenue, and the cost of construction to permanent expenditure.

Looking then at the absolute cash receivable, we find the expenditure for working expenses to be £10,558 19s. 6d., and the cash receipts £9070 10s. 1d., leaving a deficit of £1488 9s. 5d. to be paid from other sources of the revenue of the Colony.

But if we take the total value of the work done, which is the fair way to look at the question, we have a revenue amounting to £12,840 14s. 9d., leaving a balance of £2281 15s. 3d. to be applied as interest on the item Permanent Expenditure.

Had the lines been in good working order throughout the year, these results would have been far more encouraging, as the receipts would have been considerably higher, and the expenditure in the item of maintenance of lines greatly reduced.

My anticipations for the future are, however, of a most sanguine nature; and with good substantial lines, and a competent working staff, the financial condition of the Department will be placed upon a sure and solid basis.

ALFRED SHEATH,

Telegraph Engineer.

RETURN of ORDINARY MESSAGES for the FINANCIAL YEAR ending 30th JUNE, 1867.

1866.	July.		August.		September.		October.		November.		December.		Totals.
	£	s. d.	£	s. d.	£	s. d.	£	s. d.	£	s. d.	£	s. d.	
Wellington	137	22 16 11	711	104 14 0	510	73 17 9	601	60 10 11	518	62 19 0	324 18 7
Blenheim	91	11 10 2	105	15 16 4	112	12 12 4	136	11 18 4	132	15 13 2	75 12 2
Pictou	96	10 19 5	101	11 7 9	153	17 6 11	219	12 14 4	143	8 10 2	72 1 1
Nelson	268	41 11 5	402	42 6 1	356	38 17 2	366	41 11 3	335	37 14 11	244 18 8
Kaipoi	60	5 2 5	42	3 13 11	81	6 14 3	44	3 5 8	72	5 9 7	29 12 3
Christchurch	1230	182 7 11	1118	170 9 2	894	128 2 1	1004	122 17 11	1149	153 17 9	898 16 2
Heathcote	16	1 4 2	11	1 0 7	16	1 15 1	18	1 2 2	29	2 0 11	8 16 8
Lyttelton	544	51 9 6	540	44 14 11	686	38 9 10	780	41 8 9	824	34 7 5	3821 252 4 5
Timaru	140	19 0 11	161	24 6 8	160	19 3 9	190	22 7 3	232	27 19 10	129 14 1
Oamaru	181	26 0 0	195	30 14 4	231	32 15 11	242	29 18 0	300	36 15 3	179 1 6
Dunedin	980	156 18 3	1115	181 12 5	984	134 1 6	1165	138 8 5	1182	155 0 8	932 8 0
Tokomairi	182	21 14 5	194	25 17 4	180	24 5 10	181	19 12 11	232	20 0 0	130 13 0
Invercargill	258	28 15 9	236	29 11 1	261	33 16 2	246	32 16 4	286	39 17 0	198 14 10
Bluff	226	14 2 3	268	17 0 0	265	16 8 0	206	9 13 3	364	15 14 0	91 1 2
	3961	529 2 11	4409	593 13 6	5199	703 4 7	4839	578 6 5	5398	548 6 5	5798	615 19 8	3568 12 7

1867.	January.		February.		March.		April.		May.		June.		Totals.
	£	s. d.	£	s. d.	£	s. d.	£	s. d.	£	s. d.	£	s. d.	
Government Buildings	...	...	...	...	...	...	...	...	...	...	...	...	...
Wellington	384	67 13 7	395	73 13 2	369	65 5 5	376	72 0 9	324	59 9 6	366	65 18 2	1 1 11
Blenheim	159	16 18 10	168	17 13 3	232	26 14 1	189	18 12 3	176	19 17 0	176	19 6 11	404 0 7
Pictou	132	12 12 10	127	12 19 0	128	12 16 11	152	16 3 1	152	15 6 5	128	13 16 2	119 2 4
Havelock	46	5 2 1	70	7 6 5	80	8 13 4	78	8 17 8	79	9 3 1	65	7 4 9	83 14 5
Nelson	350	42 3 9	255	39 3 0	318	49 0 1	314	52 0 1	270	44 16 1	327	51 16 7	46 7 4
Kaikoura	12	1 11 5	35	4 18 10	25	3 16 0	38	4 18 10	25	3 14 6	26	4 7 0	278 19 7
Cheviot	...	...	...	...	...	...	...	...	...	...	...	...	23 6 7
Kaipoi	75	4 16 11	65	4 18 6	90	8 10 1	95	7 3 10	109	8 7 7	37	7 16 4	20 3 3
Christchurch	1207	183 11 9	979	141 0 1	1089	159 17 1	1015	146 6 10	1109	160 5 5	991	9 14 2	43 11 1
Heathcote	23	1 15 5	23	1 16 2	44	3 8 9	26	1 19 9	13	0 19 6	12	0 17 10	945 3 1
Lyttelton	564	49 12 1	415	37 5 11	439	39 15 5	485	42 2 0	378	31 1 6	327	25 5 9	10 17 5
Timaru	213	31 5 6	168	25 11 4	239	33 0 0	209	28 6 2	206	29 19 0	187	26 1 4	225 2 8
Oamaru	251	33 15 11	296	35 3 6	342	44 5 4	291	38 10 9	270	32 3 4	218	26 9 4	174 3 4
Waikouaiti	28	2 11 9	56	7 2 1	48	5 13 3	37	4 14 4	30	3 15 11	42	5 16 8	210 8 2
Dunedin	1060	153 7 1	1053	153 19 2	1171	163 0 5	1144	166 5 8	1033	147 15 11	1043	162 12 8	29 14 0
Port Chalmers	27	1 19 11	162	13 2 5	177	14 2 8	145	11 11 8	122	8 13 4	139	10 3 7	947 0 11
Tokomairi	169	17 8 9	214	22 18 10	205	20 13 5	230	27 19 11	202	20 2 1	189	19 7 5	59 13 7
Baldutha	...	...	...	...	...	...	...	...	...	...	...	...	128 10 5
Invercargill	276	37 3 11	240	37 2 5	222	38 6 8	244	37 18 3	131	1 10 11	44	4 4 2	5 15 1
Bluff	194	18 6 0	122	12 10 5	134	13 1 10	104	9 1 6	75	8 9 0	64	7 10 4	200 5 3
	5170	681 17 6	4843	648 4 6	5352	710 0 9	5172	694 13 4	4787	640 19 5	4647	650 4 7	68 19 1

(APPENDIX.)

RETURN of PROVINCIAL GOVERNMENT MESSAGES for FINANCIAL YEAR ending 30th JUNE, 1867.

1866.	July.		August.		September.		October.		November.		December.		Totals.
	£	s. d.	£	s. d.	£	s. d.	£	s. d.	£	s. d.	£	s. d.	
Wellington	9 15 10	...	2 1 1	...	...	...	0 7 4	...	12 4 3
Blenheim
Pictou	..	0 3 2	...	...	...	...	...	...	...	...	...	...	0 3 2
Nelson	..	12 19 1	...	...	...	...	...	...	...	...	...	...	21 18 9
Kaipoi	1 8 10
Christchurch	..	19 12 11	...	...	...	...	...	...	...	...	...	...	75 7 0
Heathcote	0 2 0
Lyttelton	..	0 14 6	...	...	...	...	...	...	...	...	...	...	11 11 11
Timaru	..	3 10 2	...	...	...	...	...	...	...	...	...	...	16 9 9
Oamaru	..	0 4 0	...	...	...	...	...	...	...	...	...	...	1 16 8
Dunedin	..	7 9 11	...	...	...	...	...	...	...	...	...	...	33 17 10
Tokomairiro	..	1 2 8	...	...	...	...	...	...	...	...	...	...	3 5 8
Invercargill	..	9 7 9	...	...	...	...	...	...	...	...	...	...	35 8 5
Bluff	..	1 8 1	...	...	...	...	...	...	...	...	...	...	7 9 9
		56 12 3			45 10 10		38 14 10		16 2 5		34 0 2		221 4 0

1867.	January.		February.		March.		April.		May.		June.		Totals.
	£	s. d.	£	s. d.	£	s. d.	£	s. d.	£	s. d.	£	s. d.	
Government Buildings
Wellington	15
Blenheim
Pictou
Havelock
Nelson	..	12	...	...	...	...	...	...	...	...	...	...	...
Kaikoura	..	2 0 7	...	...	...	...	...	...	...	...	...	...	...
Cheviot
Kaipoi	..	0 4 8	...	...	...	...	...	...	...	...	...	...	...
Christchurch	..	5 10 2	...	...	...	...	...	...	...	...	...	...	...
Heathcote	..	0 3 0	...	...	...	...	...	...	...	...	...	...	...
Lyttelton	..	2 19 5	...	...	...	...	...	...	...	...	...	...	...
Timaru	..	3 18 0	...	...	...	...	...	...	...	...	...	...	...
Oamaru
Waikouaiti
Dunedin	..	3 7 6	...	...	...	...	...	...	...	...	...	...	...
Port Chalmers	..	0 1 4	...	...	...	...	...	...	...	...	...	...	...
Tokomairiro	..	1 16 9	...	...	...	...	...	...	...	...	...	...	...
Balclutha
Invercargill	..	3 7 6	...	...	...	...	...	...	...	...	...	...	...
Bluff	..	0 5 1	...	...	...	...	...	...	...	...	...	...	...
	110	29 14 0	138	45 13 1	191	45 1 5	165	44 7 10	224	59 1 5	150	30 18 3	978 248 16 0

(APPENDIX.)

APPENDIX No. 4
RETURN of GENERAL GOVERNMENT MESSAGES for FINANCIAL YEAR ending 30th JUNE, 1867.

1866.	July.		August.		September.		October.		November.		December.		Totals.			
	£	s. d.	£	s. d.	£	s. d.	£	s. d.	£	s. d.	£	s. d.	£	s. d.		
Wellington	4	7	9	365	13	4	59	10	1	72	18	559	2	7
Blenheim	1	17	2	0	9	10	2	0	4	1	6	7	0	3
Pieton	0	13	2	1	16	4	5	10	0	8	16	36	13	6
Nelson	1	19	0	28	11	2	26	18	7	20	9	101	13	6
Kaipoi	0	0	1	0	.....	.....	.....	0	4	0	13	4
Christchurch	13	3	1	28	9	6	17	10	3	21	5	105	17	6
Heathcote
Lyttelton	8	17	4	19	18	5	33	4	4	40	6	149	1	4
Timaru	1	1	8	.....	.....	.....	2	18	8	3	0	12	0	11
Oamaru	1	1	2	0	17	0	0	19	8	0	18	6	17	2
Dunedin	11	12	7	41	19	0	53	3	5	52	6	246	0	1
Tokomairiro	0	1	6	.....	.....	.....	0	8	10	1	8	2	16	8
Invercargill	4	16	6	8	12	0	5	18	2	3	8	31	10	6
Bluff	3	3	6	16	4	10	13	4	2	18	10	68	8	1
		43	4	53	17	512	14	5	221	10	10	244	19	1327	15	1

1867.	January.		February.		March.		April.		May.		June.		Totals.			
	£	s. d.	£	s. d.	£	s. d.	£	s. d.	£	s. d.	£	s. d.	£	s. d.		
Government Buildings	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Wellington	203	154	5	11	315	121	16	10	264	131	13	11	83	37	10	8
Blenheim	5	3	5	0	15	2	19	3	27	6	1	5	448	132	10	5
Pieton	76	13	13	2	57	7	8	0	38	17	3	8	25	8	16	3
Havelock	2	0	2	11	2	0	6	10	2	0	9	4	73	9	10	5
Nelson	90	27	6	4	105	16	1	7	98	21	17	11	2	0	10	10
Kaikoura	...	.....	...	.....	...	.....	.....	.....	212	37	9	0	213	48	15	0
Cheviott	...	.....	...	.....	...	.....	.....	.....	8	2	11	2	14	1	9	0
Kaipoi	...	.....	...	.....	...	.....	.....	.....	10	3	10	2	5	1	6	5
Christchurch	...	.....	...	.....	...	.....	.....	.....	...	.....	.....	.....	...	.....	.....	.....
Heathcote	150	43	2	4	118	47	12	10	99	33	4	6	111	43	11	5
Lyttelton	...	.....	...	.....	...	0	1	0	...	.....	.....	.....	...	.....	.....	.....
Timaru	407	46	6	3	259	33	8	5	97	44	2	3	281	31	8	5
Oamaru	16	5	6	3	25	10	14	3	24	5	15	0	26	8	13	0
Waikouaiti	9	2	14	5	11	2	7	4	9	1	11	9	7	1	9	2
Dunedin	4	0	13	3	...	...	...	...	2	0	14	2	13	3	16	2
Port Chalmers	149	84	2	6	235	44	0	1	59	26	18	7	108	43	8	3
Tokomairiro	48	9	2	10	157	43	12	9	345	50	19	7	271	35	2	4
Balclutha	17	6	13	9	9	2	0	11	13	5	2	0	13	5	2	0
Invercargill	...	.....	...	.....	...	.....	.....	.....	...	.....	.....	.....	3	1	14	6
Bluff	34	13	19	10	27	11	17	4	20	7	16	10	28	11	13	3
	233	30	12	3	174	23	14	4	169	27	14	2	114	12	7	4
	1443	441	7	0	1514	368	1	9	1271	382	16	3	1838	438	14	10

APPENDIX No. 5.
COMPARATIVE RETURN of BUSINESS TRANSACTED for the FINANCIAL YEARS, 1865-6 and 1866-7.

	Ordinary.			Press.			Provincial Government.			General Government.			Totals.		
	Tels.	£	s. d.	Tels.	£	s. d.	Tels.	£	s. d.	Tels.	£	s. d.	Tels.	£	s. d.
Half-year ending, 31st December, 1866	..	3568	12 7	578	0 9	221	4 0	1327	15 1	29,654	5695	12 5			
Half-year ending, 30th June, 1867	..	4026	0 1	427	16 8	248	16 0	2442	9 7	41,298	7145	2 4			
Total for Financial year, 1866-7	..	7594	12 8	1005	17 5	470	0 0	3770	4 8	70,952	12,840	14 9			
Half-year ending, 31st December	..	2002	19 5	333	11 8	193	12 9	251	12 3	10,736	2781	16 1			
Half-year ending, 30th June, 1866	..	2605	0 11	193	2 3	152	9 7	243	18 2	16,599	3194	10 11			
Total for Financial year	..	4608	0 4	526	13 11	346	2 4	495	10 5	27,335	5976	7 0			

(APPENDIX.)

APPENDIX No. 6.

RETURN showing the WORKING EXPENSES of the TELEGRAPH DEPARTMENT during the
YEAR ended JUNE 30th, 1867.

MAINTENANCE OF THE LINES.

	£	s.	d.	£	s.	d.
Salaries	1085	6	3			
Travelling Expenses	1034	3	10			
Carriage and Freight	79	3	6			
Supplies		11	6			
Labour	326	4	0			
Advertising	15	8	4			
Contingencies		7	6			
				2541	4	11

STATION AND OFFICE EXPENSES.

Salaries	6295	6	10			
Travelling Expenses	486	1	0			
Carriage and Freight	214	3	11			
Supplies	239	13	2			
Labour	14	19	0			
Advertising	78	10	11			
Rent	429	6	8			
Telegram Fees Returned		18	1			
Contingencies	258	15	0			
				8017	14	7
				£10558	19	6

APPENDIX No. 7.

RETURN showing the PERMANENT EXPENDITURE of the TELEGRAPH DEPARTMENT
during the YEAR ending 30th JUNE, 1867.

CONSTRUCTION OF TELEGRAPHS, STATION-BUILDINGS, AND FITTINGS.

	£	s.	d.	£	s.	d.
Salaries				50	0	0
Travelling expenses				312	6	9
Contracts				1250	16	0
Carriage and Freight				491	12	5
Supplies				1692	9	8
Labour				329	14	7
Contingencies				127	5	0
Advertising				92	10	7
Station Buildings and Fittings				1607	11	10
Purchase of Port Chalmers Line				800	0	0

SUBMARINE CABLE.

Freight	1265	10	0			
Expenses Laying	856	0	0			
Advances to Mr. Donovan	648	18	4			
				2770	8	4
				£9524	15	2