

have cost the Government here £20 17s. 6d. could not have been done for less than £23 by a company in England or America. We have peculiar advantages through the Government taking up the thing with a running staff.

WEDNESDAY, 1ST AUGUST, 1883.

Dr. LEMON, further examined.

93. *The Chairman.*] You have said that you do not think a private company could make each of these connections you have made for less than £23?—Yes; that is, for the first year, exclusive of maintenance.

94. *Mr. Fish.*] How do you arrive at that conclusion?—Simply from this: that not one of the English telephone companies has paid a dividend, I believe. I was mistaken, I find, in what I said about the Oriental Company. That company have been working about eighteen months. They have something like a thousand subscribers, and have paid no dividend.

95. *Hon. Mr. Dick.*] What have been their rates?—They have varied. The company have business in different countries.

96. *Mr. Fish.*] Well, what has been about the usual rate?—About £20 in London, I think.

97. Then, why do they charge so much less in France?—They do not. They only propose to do it. They are charging now £24 in Paris and £20 in the provinces, or *vice versa*—I do not remember which.

98. *The Chairman.*] How long do you suppose the instruments will last?—The instruments are almost indestructible. The only thing that goes is the cog-wheel, and that can easily be replaced. Lightning might damage the bells, but that would be easily repaired. We make people responsible for any wilful damage, and also for destruction by fire.

99. Then any ordinary damage could be repaired at a cost of, say, three or four shillings?—I think so.

100. *Mr. Fish.*] Then, would the  $7\frac{1}{2}$  per cent. you have put down for wear and tear cover depreciation and ultimate replacement of machines?—Yes; I think so.

101. *Mr. Peacock.*] You calculate that  $7\frac{1}{2}$  per cent. on what you estimate it would cost a private company?—Yes. You must recollect this: that the connections up to now have been mainly to mercantile houses. With private-house subscribers there will be considerably greater risk of disconnection, and there will be greater first cost for erection, on account of having to erect separate lines.

102. Then, would you increase the price for private connections, or make it so as to give a fair average for both?—I think it would be pretty safe to keep to the present charge, that is, £2 for maintenance for every quarter of a mile beyond the first half mile for the first year, and £1 10s. a year after.

103. *Hon. Mr. Dick.*] Your idea is that there should be a regular price for everything within the half mile?—Yes; we charge nothing for wire within the half-mile circuit, but beyond that we charge according to distance.

104. *The Chairman.*] Do you not think that the half mile might with advantage be extended to a mile in the large cities?—No; I think not. That, of course, would involve totally different calculations.

105. *Mr. Fish.*] Is it your opinion that the charge for private-house subscribers should be the same as for commercial houses in the first instance?—Yes; and to give a reduction on a second connection for the same man. I would charge private houses only more according to mileage. Most private-house connections would probably be outside the half-mile radius. I will read what is charged in London: Per mile of wire per annum, £6 on the roads and £8 over house or underground. The minimum charge is for one mile, and advancing beyond the mile for every quarter of a mile or fraction thereof. For two sets of instruments (same as supplied in New Zealand), £8 per annum.

106. *Hon. Mr. Dick.*] I did not know that the London Post Office had anything to do with the telephones?—Oh, yes.

107. *Mr. Fish.*] What reduction do you make now for a second connection?—£2 10s. the first year and £2 a year after; that is, exclusive of wire-rent for extra distance.

108. *The Chairman.*] Surely it would not take £1 10s. a year as interest on the cost of a mile of wire?—You might have to run a mile of wire and poles to one man's door. There would be many such instances if we go in for private-house subscribers.

109. *Mr. Fish.*] It seems to me against all the theories of trade when you say that the proportionate cost of working would increase with the number of subscribers?—It will be in this way: that we shall in some cases have to run wires specially for one man. In some cases there may be three or four in one line.

110. *The Chairman.*] What would it cost to run a wire to my own house, say, which is about half a mile off the line?—About £30.

111. Then, how much would it cost me a year?—We could not do it under the rates I have stated.

112. *Hon. Mr. Dick.*] How much does it cost you to put up poles and a wire for a mile to a single house?—On an average it is not much under £50 a mile—twenty poles to a mile—and we charge £8 for that the first year and £6 a year after.

113. How long do the poles last?—We have some totara poles that have been standing sixteen years, and are just as good as ever.

114. *Mr. Peacock.*] Would it not be better to make a charge according to the number of connections there might be on any particular line?—That would complicate our rates. I think there should be a special rate where you have to run a wire a long distance for one man.