

The extent of New Zealand's outward telegraph cable business for 1890, compared with the business for 1889, is shown by the following statement :—

Destination.	Ordinary.		Press.	
	No. of Messages.	Value.	No. of Messages.	Value.
		£ s. d.		£ s. d.
International	4,422	23,099 8 6	...	...
Victoria	5,993	4,101 13 6	226	117 4 1
South Australia	757	580 12 11	...	...
New South Wales	7,850	5,050 10 2	818	1,342 19 4
Queensland	732	632 17 7	...	...
Tasmania	402	457 1 8	...	...
Western Australia	72	55 12 0	...	...
Total	20,228	33,977 16 4	1,044	1,460 3 5
Total for 1889	21,159	37,570 3 6	780	968 8 4

The Eastern Extension Telegraph Cable Company received £13,437 1s. 6d. for transmitting the messages from Wakapuaka to La Perouse.

4,257 international messages, of the value of £21,142 19s. 3d., were received. The inward cable business may be regarded as about the same volume as the outward.

The Cable Company decided in 1889 to duplicate their cable system between La Perouse and Wakapuaka, and the work of laying a second cable was completed in May, 1890. The cable was laid by the steamer "Scotia," which left La Perouse on the 26th April last year, and landed the shore end at Wakapuaka on the 6th May.

The growth of the department, together with the fact that outside duties are from time to time thrown on post-offices, make it incumbent that the Inspecting Staff be increased, and immediate consideration is to be given the matter. It will be readily understood that the effective administration of a department, such as the Post Office and Telegraph, is dependent to a great extent on a comprehensive system of inspection by qualified officers.

Reference was made in last Report to the probable early classification of the service; and it is a matter for congratulation to be able to state that the work has been begun in a practical way. "The Post Office and Telegraph Classification and Regulation Act, 1890," became law on the 13th September, 1890. Regulations, and a list of officers as classified under the provisions of the Act, together with the rates of salary to be paid for the financial year 1891-92, were approved on the 22nd January last.

The regulations gave all officers dissatisfied with their positions under the classification the right of appeal; and this has been exercised by a number of employés. Such of the appeals as may be deemed reasonable are to be referred for the consideration of a Board to be specially appointed for the purpose; and, on the appeals being disposed of, further progress will be made with classification. It is hoped that the classification may materially improve the conditions and prospects of the employés generally.

Not without serious consideration has it been determined to introduce penny letter-postage throughout the colony. This question has engaged the attention of previous Governments, who, however, hesitated to discount the loss of revenue the reduction would involve. The adoption of a 2½d. letter-rate to the United Kingdom has made it more difficult to defend the continuance of the inland two-penny rate, assuming the colony to be in a position to afford to sacrifice temporarily a portion of its postage receipts. The Government is of opinion that this temporary loss may now be faced, and a Bill has accordingly been introduced into Parliament for reducing the inland letter-rate from 2d. to 1d., and establishing penny postage throughout New Zealand.

The loss the reduction may entail is to be gathered from the following—

STATEMENT showing the Estimated Loss of Revenue, on the Inland Letter-rate being reduced from 2d. to 1d. per Half-ounce.

Estimated Number of Inland Letters posted during 1890.	Estimated Loss, with an Increase of										
	Nil.	5%	10%	20%	30%	40%	50%	60%	70%	80%	90%
13,661,934	£ 63,641	£ 60,459	£ 57,277	£ 50,913	£ 44,549	£ 38,185	£ 31,821	£ 25,456	£ 19,092	£ 12,728	£ 6,364

The Bill also provides for the reduction of the newspaper rate to the Australian Colonies from a penny to a half-penny; for the issue of postal notes up to £5; and for extending the currency of postal notes from four to twelve months.

A Postal and Telegraph Conference was held at Sydney in February-March last, at which New Zealand was represented. For the first time each of the colonies were represented individually.