

the principal values used for international correspondence should be printed, as far as practicable, in uniform colours—namely, 5 centimes ($\frac{1}{2}$ d.) in green, 10 centimes (1d.) in red, and 25 centimes (2 $\frac{1}{2}$ d.) in blue. Mr. Duffy made a strenuous effort to induce the Congress to absolutely prohibit the transmission through the post of indecent or obscene matter, but, although strongly supported by Great Britain and the United States, it is regretted that his motion was lost by a majority of four. The opposition is stated to have been based on a disinclination to establish a regulation which might be regarded as approaching a post-office censorship. A large number of matters of detail was also dealt with. So soon as the new treaty is signed, the usual steps will be taken to advise the public of the changes and concessions.

The new issue of postage-stamps is now being engraved in London. Some delay has been occasioned owing to a discussion having arisen as to the respective merits of the surface and recess processes of printing, but it has been finally decided to adopt the latter process as the only one likely to do justice to such high-class designs. While it is more expensive and slower than surface printing, it is believed that the result will fully warrant the adoption of the recess printing.

Attention has during the year been given to the revision of the orthography of the Maori names of post-offices, and a considerable number of changes has been made. Many of the existing names were found to date back to a time when the spelling of the Maori language followed individual predilection, and, unfortunately, in some cases names were applied in their mutilated form to places which have since become of such importance that changes cannot well be carried out without an undue disturbance of business. Every precaution is now taken to verify the spelling of names offered for post-offices, and wherever possible native names are given the preference to others. The duplication of names is also receiving attention.

The new cable steamer "Tutanekai," which left Greenock on the 24th July, 1896, arrived at Wellington on the 30th September last.

The equipment for laying and repairing cables was found to be of the most modern and complete description, and to the entire satisfaction of the department. The "Tutanekai" has been employed wholly in the service of the Marine Department since her arrival, as the telegraph cables have fortunately required no attention.

Soon after the arrival of the "Tutanekai" the "Terranora," which had for four years been employed for cable-laying and repairing purposes, was sold.

In last year's report the introduction of a sixpenny rate for telegrams was announced as from the 1st June, 1896, and the department was able to give a return of the number and value of telegrams forwarded at the new rates for June and July, which showed an increase of 28·97 per cent. in number and 21·13 per cent. in value as compared with the corresponding months in 1895. The expectation that this increase was an abnormal one was verified by the returns for August, when the increase in number as compared with the corresponding month of 1895 was 16·04 and 3·36 per cent. in value. In the three following months the rate of increase was almost stationary, and the revenue scarcely varied from that received under the higher rates of the preceding year. In December, however, a marked upward tendency took place, and, although the business of the corresponding month in 1895 had been very satisfactory, the last month of 1896 was closed with 223,971 telegrams, or an increase of 35·91 per cent. over December, 1895. The increase in value was 9·8 per cent. Since then, as will be seen from the appended return, the traffic has been well maintained, so far as regards the number of telegrams despatched; but, as was only to be anticipated, experience has taught the users of the telegraph to so condense their telegrams that the average cost of a message which under the old rates was 1s. 1·51d., and which in the first month of the new tariff was 10·96d., fell to 9·29d. in March last. How marked has been the effect of this is shown by the fact that an increase in the number of telegrams of 30·42 per cent. in June, 1896, resulted in an increase in value of 20·28; while an increase of 32·57 in April, 1897, showed an increased value of 1·72 per cent. only. The increase of traffic for July, 1896, was 27·59 per cent. in number, and 19·01 in revenue. For March, 1897, there was an increase of 28·48 per cent. in number, but a loss of 1·14 per cent. in value as compared with the corresponding month of 1896.

Analysing the results of the business in this way, month by month, it appears probable that the revenue of 1897–98 will be less than that of the preceding year, although the telegraph work will be increased from 25 to 30 per cent. Under the old rates it could be reasonably assumed that under normal conditions the revenue from telegrams for 1897–98 would have reached about £100,000, as against an anticipated revenue of £95,000 only under the sixpenny tariff, to collect which will probably cost the department about £6,000 for additional salaries, as well as an increase of £1,000 for the maintenance of new telegraph-lines. The capital cost of new wires erected or in course of erection to meet the increased traffic is £9,900. It is therefore necessary to strongly emphasize the effect of concessions to the public, as the reduction of the telegraph minimum rates from 1s. to 6d. Such radical changes cannot be made without materially disturbing the revenue and involving a largely-increased expenditure for a number of years. That almost half a million additional telegrams were handled by the department for the year ended the 31st May at an extra cost for salaries of about £4,000 only is a fact which perhaps it is allowable to mention with some satisfaction. Such a result could only have been attained in a service where every lad in the non-clerical division and every telegraph messenger is given opportunities for acquiring a knowledge of telegraph work and constantly reminded that qualified boys already in the service are given preference when vacancies occur. About eighty cadets selected from lads in the non-clerical division and messengers' staffs, who had in their spare time qualified as telegraph operators, were appointed on the introduction of sixpenny telegrams, and, as a whole, they have performed their duties satisfactorily.