

## APPENDIX No. 1

The question was first considered by the city council in the latter part of 1899, prior to which it was well known that considerable dissatisfaction prevailed, not only in Hull, but throughout the country, at the excessive cost and notorious inefficiency of the existing telephone service, the result of which was that parliament had been induced to take the matter up, and had passed an Act (the Telegraph Act, 1899) enabling municipalities in the public interest to establish and work competitive telephone service in their own telephone areas.

Upon the passing of this Act, a petition was presented to the city council by shipowners, merchants, and traders, bearing upwards of 800 signatures, urging the corporation to establish a municipal service in Hull, and on the 9th November, 1899, the council appointed a special committee to consider and report as to the desirability of doing so.

In order to ascertain the cost for which a municipal service could be provided, the committee consulted the well-known telephone engineer, Mr. A. R. Bennett, M.I.E.E., and after a careful inquiry, came to the conclusion, in November, 1900, that the establishment of such a service was desirable, and their conclusion was adopted by the council. Before taking any steps, however, to carry the resolution into effect, a circular was issued to, and a canvass made of likely subscribers, so as to make certain that a sufficient number of persons were prepared to avail themselves of a corporation service at the rates offered, the result of which was in every way satisfactory. Resolutions in favour of the scheme were also passed by the Hull Chamber of Commerce, the Hull Guardian Society, the Hull Chamber of Trades, and other trading bodies.

The corporation applied to the Postmaster General for the necessary license, which was opposed by the National Telephone Company, but, notwithstanding such opposition, the license was granted in August, 1902.

The corporation were anxious to avoid, if possible, the cost of laying down a duplicate telephone system, and, accordingly, negotiations were entered into with the existing company, with a view to the corporation acquiring the company's system, in Hull, but as the lowest price required would have precluded the corporation giving a cheaper service, no satisfactory arrangement for purchase could be made.

Negotiations for purchase having failed, the corporation then endeavoured to arrange with the company for a substantial reduction of their rates, on condition that the corporation did not enter into competition, but they were unable to induce the company to agree to such rates as would have been acceptable.

The negotiations above referred to extended over a considerable period, and have delayed the carrying out of the work, but the corporation felt they would not be justified in going to the cost of laying down a duplicate system until they had exhausted every effort to avoid it by obtaining, if possible, satisfactory terms from the existing company. One important result, however, of the negotiations with the company must be mentioned, viz., that an arrangement was made by which the corporation subscribers have free inter-communication with the subscribers of the National Telephone Company, both in Hull and in other towns.

Tenders for the construction of the system were obtained and proved to be less than the engineer's estimate. The corporation had on their hands, a building known as the Trippett Baths, which were being closed through their becoming obsolete. This building with alterations, was admirably adapted for, and has been utilized as the central exchange, a course which has had the advantage of utilizing property, which was a charge on the rates.

The best of plant and equipment having been advertised for, first class firms secured the contracts.

Application was made to the local government board for their sanction to borrow £43,202 for carrying out the work, and after a local inquiry, the sanction was given. Mr. Thos. Holme was appointed manager, and the work of construction commenced in the middle of January of the present year, and has been carried on without