Tariff of charges is as follows :--

A.—£1. 10. 0. (\$7.31) per annum (payable half yearly in advance) with a toll of 1d. (2 cents) per outward call (payable quarterly) until 250 calls in any one quarter is reached, after which, for the remainder of the quarter, the charge is at the rate of 1d. for five calls.

B.-£2, 5 .0. (\$10.96) per annum (payable half-yearly in advance) with a toll of 2d. (1 cent) per outward call (payable quarterly) until 1,320 calls in any one year is reached, after which for the remainder of the year, the charge is at the rate of 1d. for five calls.

C.-£5 (\$24.35) per annum (payable in advance) to cover 3,200 outward calls in any one year, after which for the remainder of the year, the charge is at the rate of 1d. (2 cents) for five calls.

The charges for extension instruments are:-15s. (\$3.66) per annum for wall pattern if inside same building as exchange instrument, 3s. 6d. (88 cents) extra for table set in lieu of wall.

These charges cover the whole island.

The Telephone Exchange System is open night and day (including Sunday.) Connections between the hours of 11 p.m. and 5 a.m. from 1st April until 30th September, and 11 p.m. and 6 a.m. from 1st October until 31st March, there is an extra charge of 5d. (10 cents) for each attendant called up.

The charge to non-subscribers is 1d. (2 cents) per call not exceeding five minutes duration. No trunk lines, outside the island, the tariff charges stated above cover communication over the whole island. We use Magneto generator for ringing purposes on the ring through system. Distinct button for signalling when conversation is finished. Hand combination listening and speaking instrument (granular carbon transmitters) lightning arrestor, mounted on porcelain base fitted with carbon arrestors, high voltage fuse coils, and fuse wires, the lightning arrestor is generally fixed where the metallic circuit enters the building.

Our lines are metallic circuit, bronze wire.

The system is one-quarter underground and three-quarters overhead.

The capital invested is £26,475 (\$128,933) to December 31, 1904.

Revenue per annum, £4,546 (\$22,139.)

Total expenditure per annum £3,503 (\$17,060) including 10 per cent post office royalty, £432 (\$2,104.)

Interest paid on capital, £758 (\$3,691.)

Surplus last year, £284 (\$1,383.)

The sinking fund and depreciation is 5 per cent, being 2 per cent for sinking fund and 3 per cent for depreciation. The latter we consider adequate as replacements and repairs are charged to revenue and it has been found that the plant can thus be always kept in an efficient state.

The total cost for way leave privileges is 21s. (\$5.12) per annum. State property is largely utilized. Private property owners recognize the benefits of the telephone system, which really belongs to the people, and is worked for their benefit, and readily grant practically free wayleave.

Wages paid per week:—Foremen, 32s. (\$7.80); instrument men, 25s. (\$6.09); wiremen, 24s. (\$5.85); operators, commencing at 6s. (\$1.47), with annual increase of 1s. (25c) per week; manager, £260 (\$1,266) per annum, with free house, &c.

The cost of the central exchange equipment was £1,300 (\$6,331) for 900 lines. Ultimate capacity, 3,000.

Test jacks and lightning arrestors extra, 1s. 9d. (42c.) per metallic circuit.

Cost of sub-exchange switchboards £1 (\$4.87) per metallic circuit, including lightning arrestors and test jacks.