

The telephone-exchange system now includes 5,111 miles of pole line and 177,509 miles of wire, as against 4,789 and 165,962 miles respectively for the preceding year.

The total revenue received was £419,318, an increase of £46,149 on the previous year's figures.

#### TELEPHONE FACILITIES FOR BACKBLOCKS.

During the past year the Minister of Telegraphs approved of proposals whereby telephone facilities could be placed within the means of backblock settlers.

To provide telephone services to entirely new settlements, such as are now being cut up for soldier settlers, the Department proposes to work in conjunction with the Department of Lands and Survey, so that the cost of telephone communication may be added to the cost of land, survey, roads, &c., and the charges included in the rental charged to the settlers for the land. Spread over the cost of the land, the cost of telephone communication would, in the majority of cases, be infinitesimal, and the settlers going on the land would be in the fortunate position that telephone communication preceded them or followed very closely upon their occupation of the land. The settlers would be required to pay only the difference between the actual working-expenses and the revenue derived from the line. As the revenue increased, the liabilities of the settlers would be reduced in proportion.

In the case of established settlements, which in some cases have passed out of the hands of the Lands Department, it is proposed that legislation be provided whereby local bodies be empowered to levy a special rate to cover the loss when the revenue derived is less than the actual working-expenses.

Special consideration was given to the cases of soldier settlers. It was decided that returned soldiers should be required by the Department to pay only half the amount that civilian settlers would be asked for; or, in other words, the Department would bear half the loss involved in any case in which returned soldiers' farms are included in a telephone rating-area.

It was also decided that, in order to make it easy for any settler to connect himself by private wire with the nearest telephone-office, the Department should undertake to sell to settlers at actual cost the necessary material on a deferred-payment system, interest to be charged on unpaid money at the rate of 6 per cent., reducible to 5 per cent. per annum on payment being made within twenty-one days of the date of demand; instalments to be paid half-yearly and to be of such an amount as will pay off both principal and interest in ten years. The public announcement of the scheme resulted in the receipt of a large number of applications for material under the time-payment system. The small supplies of insulators and wire were exhausted with the earliest applications, and the further operation of the scheme is now dependent upon sufficient quantities of material being received from abroad. Inquiries for supplies made by cable in England and elsewhere have so far been attended with little success, suitable material being almost unprocureable at any price. When materials are available all possible requirements will be satisfied.

#### AUTOMATIC-TELEPHONE-EXCHANGE INSTALLATIONS.

Automatic-telephone exchanges (Western Electric type) were opened at Masterton on the 31st May, 1919, Courtenay Place and Wellington South on the 18th October, 1919, and Blenheim on the 28th April, 1920. The installations at Courtenay Place and Wellington South form part of the Wellington metropolitan network, which will eventually include additional exchanges in Featherston Street, Kelburn, Khandallah, and the Hutt Valley.

The installation of automatic exchanges (Western Electric type) is now proceeding at Auckland (where the system will eventually embrace the whole of the metropolitan area), Hamilton, and Palmerston North. At Wanganui the installation of an automatic exchange (Strowger type) is well under way. At other centres at which it has been decided to install automatic exchanges, buildings are being erected to accommodate the necessary equipment.

The demand for telephone connections at the four centres has been exceptionally heavy; and, as the original manual boards could not be further extended, auxiliary branch exchanges—both automatic and manual—have been installed as a temporary relief of the situation. Until, however, the whole of these areas are equipped for full automatic working, complete relief cannot be afforded and the full benefits of automatic operation cannot be realized. The telephone development at Christchurch has been partially met by the installation of 1,200 lines of Strowger automatic apparatus as auxiliary to the manual equipment; and further assistance will follow by the installation of 500 automatic lines at St. Albans and 300 lines at Sydenham. At Auckland the congestion is being relieved by the installation of auxiliary automatic apparatus at Shortland Street, Mount Eden, and Remuera. This, it is anticipated, will meet requirements until the Western Electric full automatic system is ready to be cut into service. Relief has been afforded at Dunedin by the opening of a branch manual exchange at Roslyn. This will be followed by further auxiliary equipment with a view to meeting the telephone development until such time as arrangements are complete for the installation of a full automatic system at that centre.

#### SLOT TELEPHONES.

The total number of slot telephones in use at the end of the year was 295, against 275 at the end of the preceding year. Several new installations were authorized, but, on account of shortage of material, the manufacture of the machines has been delayed. The extension of the slot-telephone system will probably be restricted for some time, owing to difficulty in obtaining the necessary equipment.

Installations in business centres continue to return revenue sufficient to cover working-expenses. Those in residential areas are not so remunerative.

The revenue for the year amounted to £17,472, being an increase of £3,770 over the previous year. The system may therefore be regarded as a success financially, as well as a convenient method of affording telephonic facilities to the general public.

As was reported last year, the annoyance to genuine users of slot telephones and the inconvenience to the Department caused by the actions of mischievous persons show no signs of abatement. Disregard to the directions for using the machines also causes a great deal of trouble.