

put, is as follows: An area known as the "base charge" area is determined for all cities and towns. This area is enclosed in a map of the respective city or town. The "base area" need not necessarily be the city area proper nor the town boundary. In determining this area several factors are taken into consideration so as to assist in the study of development of the wire plant and cabling to provide a service which will pay interest on capital, working-expenses, depreciation, and obsolescence. Some of the factors used for arriving at this "base area" are density of population, the class of residences from a telephone point of view, the natural barriers to overcome for cable distribution, &c.—generally, factors to assist one to arrive at an area so that the greatest number possible may be served at an equitable flat rate—one for private residences and another for businesses, the business rate in the larger areas being at least double the private-residence rate. All subscribers outside this area are charged an additional mileage rate to the nearest quarter of a mile, the air-line distance being taken. If a fair number of subscribers can be secured in a township adjacent to a city, this township is mapped out to include an area for a mileage charge to be paid in addition to the city's base charge.

Take the Hutt, for instance: a person or business located in what would be known as the "Hutt area" would have intercommunication with all the city exchanges, and the charges would be the charge for Wellington "base area" plus the Hutt area charge. There would be an area charge for Petone, Eastbourne, and perhaps as far away as Upper Hutt.

Take the Auckland multi-office area: the base-charge area would include all lines connected with the Wellesley Street, Ponsonby, Mount Eden, Remuera exchanges. Devonport and Takapuna would have another area for charging purposes, and so would Onehunga. Subscribers connected with the Devonport and Takapuna exchanges could communicate with all the city exchanges by paying a sum equal to the Auckland base charge plus the North Shore area charge. Subscribers at Onehunga would have similar facilities and similar charges. In arriving at the North Shore area charge, consideration would have to be given to the expensive cable necessary to provide trunk circuits to the Auckland City exchanges.

I recommend charging for telephone service by an area rate in place of the conductor length of circuit rate now in existence, such areas to be defined by maps or plans with lines enclosing multi-office and single-office areas as outlined above. The following classes of services to be provided for:—

Within base area for multi-office areas	{	One-party line	..	..	Business.
		One-party line	..	..	Residence.
		Two-party line	..	..	Business (both subscribers to be in the same city or town block).
		Two-party line and four-party line			Residence.

Outside the base-area rate, lines for single office areas, and connections to exchanges, to be designated "rural exchanges": One-party, two-party, four-party, six-party, eight-party, ten-party: The Department to have the right of arranging the parties.

#### ACCOUNTS.

Telephone officials generally attach great importance to the American practice of rendering monthly accounts to subscribers. It is maintained that this practice, combined with other attractive features in the way of party-line accounts, fosters the telephone habit among smaller users, particularly in residential areas. I was informed also that the monthly account system is favoured by the business houses. The monthly accounts are a complete statement of all charges against the subscriber—*i.e.*, rental charges, toll talks, &c. It must be admitted that our system of rendering accounts—half-yearly for rentals and monthly for toll charges—is most unsatisfactory. A large percentage of the accounts is for such small amounts—as small as 3d.—that the subscribers neglect to pay them, and on demand frequently ask that the amounts be included in their half-yearly accounts. I strongly recommend rendering accounts monthly for all telephone service, the accounts to be a complete statement of all charges against the subscriber.

The method adopted by us to facilitate collecting telephone tariffs is so well known that I need not describe it. Briefly put, it is to disconnect all subscribers who do not pay up by a certain date. I may say that the same action is taken in Australia, but there a defaulting subscriber has to pay an additional 5s. before his severed connection is completed again. The 5s. is termed a "joining-up fee."

In America the accounts are rendered monthly, and payment has to be made before the 10th of the following month. All those not having paid on that date are reminded by telephone to do so. A week later those subscribers who still have their accounts unpaid are visited by a man who has to either collect the account or remove the telephone from the subscriber's premises. If the subscriber elects to pay the man, he may do so provided he pays an additional 50 cents for the man's time in making the visit.

At one city I got the following information: At the end of the month 83,000 accounts were rendered; 2,500 telephone requests for payment were made; 300 subscribers were visited; 25 telephones were removed.