

hours of attendance, the elimination of the provision whereby subscribers were required to contribute towards the capital cost of their lines, the rating of party- and rural-line subscribers on their individual distances from exchanges, and the rural-line system which permits of as many as ten subscribers' stations being connected with one circuit at a comparatively low rate of rental.

AUTOMATIC-TELEPHONE-EXCHANGE INSTALLATION.

The conversion during the year of eight thousand lines of the Auckland telephone-exchange systems from manual to automatic working in one operation terminated an undertaking of considerable magnitude, and may be classed as the most complex and one of the largest electrical engineering works yet undertaken in the Southern Hemisphere. The system, as installed, is capable of ready extension, and makes provision for very considerable expansion of the Auckland telephone service.

BUILDINGS.

The rapid expansion of the Department's business continually demands the provision of increased or improved accommodation for the conduct of such business. The maintenance of a progressive building policy is therefore necessary. The requirements are many and varied, but each case is dealt with strictly in its order of urgency.

As an indication of the rapid growth of the Department's business, I quote the case of Ngatea, situated on the Hauraki Plains, most of which was a swamp some years ago. In 1912, when a post-office was first established at Ngatea, the business was conducted in a small building situated on the property of one of the settlers who acted as Postmaster. In 1919 a permanent Postmaster was appointed, and in 1922 a small departmental building costing £325 was erected. The increase in the volume of business was so marked that within a comparatively short period the accommodation provided was found to be inadequate, and during the latter end of 1924 the erection was put in hand of an up-to-date country post-office building, with accommodation for a telephone exchange and residential quarters for the Postmaster, together with storage and garage accommodation, at a total cost of £2,750.

A building which is destined to become the central telephone exchange has been erected in Wellington. In addition to accommodating the switching-apparatus required for the ultimate conversion to automatic working of the whole of the public telephone service in Wellington, offices are provided in the new building for the District Telegraph Engineer and his staff.

INLAND MAIL-SERVICES.

Towards the end of 1924 tenders were invited for all inland mail-service contracts, the annual payment for which exceeded £40. In the North Island contracts were entered into for a period of three years, and in the South Island for a period of four years. In both the North and South Islands the term for future contracts will be three years. In future, contracts let in the South Island will fall due in the year following those let in the North Island. This will eliminate the congestion formerly in evidence at reletting periods.

In many instances there was keen competition for the contracts, with beneficial results to the Department, and although the cost of the services let from the 1st January, 1925, showed a reduction of £9,000 on those in operation in 1924, it is considered the contract prices are capable of a still further reduction when the services are again let to tender.

It is to be remembered that the recently expired contracts were entered into towards the end of 1921 when the price of motor-vehicles, petrol, tires, tubes, &c., was extraordinarily high.

In a few cases, however, the Department, owing to the lack of competition, is paying unreasonable subsidies for the carriage of its mails. It may be necessary in future to take steps which will enable the Department to economically perform its own services in such cases.