

Of the works upon which heavy capital expenditure was incurred during the year the following were the more important :—

The laying of the submarine cable for inter-Island telephone communication.

The provision of a comprehensive telephone and telegraph network in the North Auckland district.

The improvement and extension of the telephone facilities between certain groups of exchanges in the King-country, Waikato, Wanganui, and New Plymouth districts.

The improvement and extension of the telephone facilities between Christchurch and Dunedin and the intermediate stations.

The reconstruction of a portion of the arterial line of telephone communication between Dunedin and Invercargill.

The conversion of the Central Telephone Exchange, Wellington, and the Devonport Exchange, from manual to automatic working.

Preliminary work in connection with the installation of the automatic switching system at Christchurch, Dunedin, and Napier exchanges.

The partial completion of a comprehensive system of underground telephone cables in Christchurch to replace the present defective and obsolete aerial system.

The establishment of seven new telephone exchanges in country districts.

The extension of the switching facilities at fifty-seven exchanges.

The installation at various places throughout the Dominion of twenty-eight public call offices (coin-in-the-slot telephones).

The providing of telephone-exchange facilities for 13,368 new subscribers.

In the matter of pole-line and wire, the foregoing and other works carried out during the year represented the erection of 1,776 miles of pole-line and 15,640 miles of open aerial wire. In addition 270 miles of lead-covered cable were laid for subscribers' circuits, containing 73,700 miles of wire.

Of the four services—telephone exchange, toll, telegraph, and wireless, respectively—the telephone exchange showed the greatest development.

As a result of special efforts having been made during the year to overtake the arrears of telephone subscribers' services a new record was established in the matter of new connections, the total for the year, 13,368, being sixty-four in excess of the number connected during any previous year.

Due probably to the further recognition by the farming community of the great value of telephone service, and also to the favourable conditions offered to country residents of securing telephone facilities, particularly by means of the party-line system, which enables backblock settlers ten to twenty miles distant from an exchange to obtain telephone-exchange connections at rates comparable with those ruling for exclusive connections in the cities, the development at country exchanges equalled the combined development of the city and main provincial exchanges, the percentage rates of increase during the year being 14·2 and 14·1 respectively.

The number of deferred applications on hand at country exchanges on the 31st March last was 890, and at other exchanges 190, as compared with 1,591 and 2,031 respectively on the 31st March, 1925.

Prominent among the works of magnitude upon which it is proposed to concentrate during the coming year is the conversion to automatic working of the Dunedin and Christchurch Exchanges. The switching systems at both these exchanges have long been obsolete, and it has only been by improvised methods and the employment of auxiliary apparatus, more or less costly to install and maintain, that the period of usefulness of the present switchboards has been extended. A stage has now been reached where further extension by expedients of the nature referred to is impracticable, and there is no alternative but to replace both switching-systems with apparatus of a modern type capable of meeting present-day and future requirements. These two works, together with the installation of automatic switching-systems at Napier, Hawera, Dannevirke, and Stratford, the renewal and reconstruction of the cable system at Christchurch, and the extension of the cable system at Invercargill and other large exchanges, will comprise the more important of the year's telephone-exchange operations.