

reached their full capacity, and where it would be more economical—as soon as funds can be made available—to resort to a more up-to-date and efficient method of giving telephone service. During the past year the Department has done its best to meet the ever-increasing demand for telephone connections, and by various expedients has effected the renewal and extension of existing systems. There are, however, practical limits to these temporary measures, and considerable development and extension must take place if the telephonic needs of the community are to be satisfactorily met.

The telegraph and interurban line plant was increased during the year by 106 miles of new pole-line and 998 miles of wire, in addition to which 2,699 miles of line were overhauled during the year. Although this is a considerable increase on the previous year's work, it represents only a portion of the arrears that have to be overtaken in the telegraph and telephone extension programme, which during the war period and following years had necessarily to be considerably curtailed. Despite the fact that 9,259 new subscribers were added to the telephone-exchange system during the year, there still remain 6,132 persons awaiting telephone-exchange connections, and twenty-six exchanges awaiting erection. Of the new connections made during the year 2,389 were connected on the party-line system, involving the erection of 543 party-line circuits, the majority of which provided much-needed relief to settlers in scattered rural districts. The telephone-exchange system has increased by 543 miles of poles, 5,271 miles of open aerial wire, and 63 miles of telephone-cable of various sizes, containing in the aggregate 15,109 miles of wire. Six new telephone exchanges were opened during the year, and forty exchanges were provided with additional switchboard accommodation. Automatic exchanges were opened at Oamaru and Kelburn, while extensions to existing automatic or manual apparatus were made at all the principal centres.

BUILDINGS.

Only essential building has proceeded during the past financial year and maintenance has been kept at a minimum, but when financial conditions improve a considerable number of new buildings as well as extensive renovations will be required. Twenty-five new buildings were completed and four purchased to meet urgent needs. The majority were small buildings in country districts.

At Timaru and Christchurch fairly large additions are nearing completion. Tenders have been called for the erection at Dunedin of an automatic exchange.

During the year one post-office was destroyed by fire, and one badly damaged.

It is hoped to call early tenders for erecting the main automatic exchange at Wellington, and for post-offices at Stratford, Dannevirke, and Patea. Tenders for other necessary buildings will be called as soon as arrangements can be made.

RURAL MAILS.

A new system was established on the 1st January, 1922, for dealing with postal deliveries in rural districts. The principal alteration was that requiring rural-box holders to pay an annual fee of £1 for a delivery in excess of thrice weekly, and 10s. for a delivery having a frequency of thrice weekly or less. Deliveries are now established only where a reasonable return may be expected for the expenditure involved, and the fixing of the above charges enabled the Department to cancel most of the contributions formerly paid by settlers. In some cases these contributions fell very heavily on a few. The small charge referred to converted the annual loss of £4,700 to a profit of £280, and enabled the Department to proceed with establishing additional deliveries in the far backblocks without loss. The box-holders under the old system totalled 8,700; the number now is over 10,000.

STAFF.

On the 1st April, 1921, the number of permanent officers of the Post and Telegraph Department was 7,762; the temporary employees numbered 673, while there were 659 casual men employed on maintenance and construction work. The total number of employees was therefore 9,094. That total had been reduced to