

transported to the work. Two dredges have been in operation most of the year on the entrance and in the harbour, and arrangements have been made to put the "Ruby Seddon" into commission, and thus enlarge the scope of dredging on the bar as much as possible.

At Karamea the work of reconstructing in stone the existing training-wall is being steadily pushed ahead. The opening-up of the quarry and the laying of the railway from the quarry to the wall is practically completed. The necessary cranes, compressors, air-drills, &c., are being installed in the quarry, and the locomotive and trucks are on the ground. This coming year should see a large quantity of stone deposited.

Additions were made to the Waikokopu Wharf, and a 30-ton crane built to handle the heavy machinery for the Waikaremoana hydro-electric work. A contract has been let for the construction of a stone breakwater, which will improve very considerably the conditions at this port.

A new reinforced-concrete wharf is being constructed at Whangaroa, and also additions to the existing wharf at Half-moon Bay. In addition, several small wharves have been built at minor ports.

TOURIST AND HEALTH RESORTS.

The expenditure for the year was £36,673, as against £31,981 for the previous year. The main works carried out were additions to the Waitomo Caves Hostel; improvements to the water-supply at the Hermitage, Mount Cook; extensions to the Rotorua electrical, water, and drainage systems; erection of a slipway at Lake Te Anau; and the formation of the road to Lake House, Waikaremoana. During the year a contract was let for the erection of an up-to-date hostel at Milford Sound.

TELEGRAPH EXTENSION.

It is the general policy of the Government to provide a telephone service which will enable any one, anywhere, to pick up a telephone and talk to any one anywhere else in the Dominion. During the past year a further step towards this goal has been achieved by the installation of modern telephone-repeaters at Wellington and Seddon, and the completion of a new telephone toll circuit between Seddon and Christchurch. When used in conjunction with the new telephone-cable across Cook Strait, these additional facilities not only provide an efficient means of communication between Wellington and Christchurch, but permit telephone communication between such widely divergent places as Auckland and Dunedin, Auckland and Christchurch, Hamilton and Dunedin, Wellington and Dunedin, Christchurch and Gisborne, Wanganui and Greymouth, Dunedin and Rotorua, Dunedin and New Plymouth, Dunedin and Napier, as well as between a great number of the intervening exchanges. In order to extend further the range of intercommunication between exchanges and at the same time to increase the traffic-carrying capacity of the existing circuits, it is proposed to introduce in the near future one of the most interesting developments of modern telephone and telegraph practice, which is known as "carrier current" telephony. By the application of carrier-current principles to a circuit as many as three telephone-channels or ten telegraph-channels may be provided without increasing the actual wire plant. As the carrier-current system possesses great flexibility and has a wide range of application to a variety of differing conditions, it is especially suitable for New Zealand.

The speed of toll service and the traffic-carrying capacity of the existing circuits to certain automatic exchanges have been increased by the installation at certain automatic exchanges of apparatus enabling toll operators at distant exchanges to call subscribers at the automatic exchanges without the assistance of toll operators at the automatic exchanges. Another proposal for improving the toll service and for meeting the steady increase in toll business is the adoption of a method enabling subscribers making toll calls to be placed in direct communication with the toll-line