

The development in telephone-exchange service during the year constituted a record, the number of new connections (main stations) being 12,781. The increased demand manifested is very gratifying, and indicates that the public appreciates the efforts the Department has made to improve local telephone service and to make available the benefits of long-distance communication.

In an expanding telephone system it is an axiom that to maintain telephone-exchange rentals at the same level is actually to reduce them or to render service at a lower rate. The result of growth in the number of telephones connected to an exchange is that the telephone-user receives more valuable and extensive service for the same rental. A 10-per-cent. increase in the number of telephones in a local exchange area means that a subscriber may at the same price talk to 10 per cent. more people. Unlike many other business undertakings, where increased production or turnover means a decreasing cost of production per unit, or a proportionately decreasing overhead cost, the telephone business is one in which the factor of growth and the resulting complication cause the cost of giving local service to increase almost in direct proportion to the increase in the extent of the service. This may seem paradoxical, but when it is considered that increases in service in large areas necessitate the acquisition of land, the provision of buildings to house satellite or branch exchanges, the installation of separate exchange equipment, the installing of junction apparatus at all exchanges in the area, the laying of special cables between the exchanges, as well as the establishing of separate maintenance or operating staffs, it will be realized that the problem of maintaining existing rentals in the face of extending service is a very real one. It is only by studying the constant advances in the telephone art, and developing improvements in operating and maintenance methods, that continually increasing service in local areas can be furnished without increases in rentals.

WORK PERFORMED FOR OTHER DEPARTMENTS.

Departmental officers act in many and varied ways as the representatives of other Departments, particularly in the smaller centres, but it is in collecting moneys due to Departments and in making payments on their behalf to members of the public that the Department principally assists other Departments. The total sum handled in the transactions of the Post Office for the year under review was £206,000,000.

In connection with the work of motor-registration, which has been undertaken by the Department since the inception of the present system of Dominion registration of vehicles, a new activity has been allotted the Department, the duty of collecting the premiums due under the provisions of the system of third-party insurance made compulsory for owners by the passing of the Motor-vehicles (Third-party Risks) Act of 1928. The work of collecting the premiums, which was undertaken for the first time in connection with the relicensing of motor-vehicles for the year commenced on the 1st June, 1929, is proceeding without hitch and to the entire satisfaction of the interested parties.

BUILDINGS.

The erection of five post-office buildings was completed during the year, and additions and alterations were made to some eighteen existing buildings. Several large buildings, as well as additions, &c., of a major character, are under construction.

The earthquake of June destroyed the chief post-office building at Westport, a two-story brick structure, and also caused extensive damage to a number of the Department's buildings. The necessary repairs involved the expenditure of approximately £4,000. The greater portion of this amount was expended in the demolition of the ruins of the Westport Chief Post-office building; and the repairing and strengthening of the clock-towers on the Greymouth and Nelson Chief Post-office buildings. The preparation of the plans of a new chief post-office building for Westport are sufficiently well advanced to anticipate an early commencement of this work.