

There are in the Dominion seventeen automatic exchanges, including four multi-office areas and thirteen single offices, two central battery switchboard exchanges, thirteen branching multiple switchboard exchanges, and 316 exchanges at which service is provided by one or more separate switchboards of twenty-five to a hundred numbers. Owing to the fact that the four main centres and some of the other principal centres are served by automatic exchanges, the number of dial subscribers is approximately sixty-six thousand, or a little more than half the total number of subscribers. At the larger of the non-automatic telephone-exchange towns central-battery or branching multiple switchboard systems provide an efficient service. The service at exchanges of all types is constantly under review in order to ensure uniformity of performance. During the year modern branching multiple switchboards were installed at Morrinsville and Rangiora, while at a number of other exchanges the switching equipment was improved to keep it in line with modern requirements.

Due to the depression period, the programme of replacing with automatic switching equipment manually operated exchanges which were due for renewal or which were not capable of meeting expanding demands received a temporary setback. An order has now been placed for automatic telephone equipment for Napier which, since the earthquake and fire of 1931, has been served by a magneto exchange.

TOLL SERVICE.

To encourage greater use of the toll service, the method of computing chargeable toll distances was reviewed during the year, resulting in reductions in charges in a great number of instances, and lower charges for short-distance calls were introduced. Public appreciation of these concessions and of those introduced during the previous year is reflected in increased use of the toll service, the number of calls and the value of the traffic for the year being the highest on record.

The following figures illustrate the growth of the toll traffic in recent years :—

Year ended.		Number of Calls.	Value. £
31st March, 1916		3,963,801	111,969
31st March, 1926		8,976,859	358,037
31st March, 1931		10,798,999	466,995
31st March, 1935		9,862,627	448,562
31st March, 1936		11,436,054	499,825

The number of calls handled during the year represented an increase over the previous year's traffic of 15·95 per cent., the revenue increase being 11·43 per cent. A pleasing aspect of this greater use of the toll-lines is that during the same period telegraph traffic and revenue showed an increase of 9·34 per cent. and 3·09 per cent., respectively, over the figures for the previous year. It is also interesting to note that for the last four months of the year under review the number of toll calls handled exceeded for the first time one million a month. The prospects of this marked improvement being maintained are particularly bright.

Further improvement in the Department's long-distance telephone network was effected during the year by the installation of several new carrier-current systems resulting in the provision of six additional high-grade direct toll circuits, one of which has been brought into service between each of the following two centres: Auckland and Wellington, Auckland and New Plymouth, Auckland and Palmerston North, Palmerston North and Wellington, Palmerston North and Masterton, and Wellington and Napier. The additional toll outlet provided between Auckland and Wellington has increased the number of direct outlets between those centres from two to three. Better facilities between these cities are now available also for emergency purposes via alternative routes, and a speedy and dependable toll service is now assured over this important section of line.

At present the backbone of the toll network is composed largely of single-channel carrier systems. These single-channel systems have served to build up and popularize the long-distance toll business, but they are now inadequate for the needs of an efficient service and must be removed to less important sections and