

The Conference discussed fully the many questions involved in the proposed trans-Tasman link, and adopted resolutions covering the control and operation of the service which the delegates undertook to place before their respective Governments for ratification.

The matter was further discussed at the Imperial Conference, and it is hoped that a twice-weekly service England-Australia - New Zealand will commence during the year 1938.

#### PROPOSED PACIFIC SERVICE.

Pan-American Airways, the company which entered into an agreement with the late Government in respect of a proposed Pacific air service to operate between San Francisco and Auckland via Honolulu, Kingman Reef, and Pago Pago, undertook a survey flight over the route in March last. The flight was undertaken by a flying-boat of type similar to that used by the company on the San Francisco - Hong Kong air route.

#### TELEGRAPH SERVICE.

There was a further increase in telegraph business during the financial year. The number of paid telegrams lodged for transmission was 5,117,498, an increase of 551,488, or 12·08 per cent., over the number handled the previous year, and the revenue for the year amounted to £313,070, an increase of £24,295, or 8·44 per cent. This buoyancy has continued in the months already past of this financial year.

It is interesting to note that the latest available world statistics (for the year ended 31st March, 1934) disclose that on a population basis New Zealand occupies a pre-eminent position in the use of the telegraph service, with an average of 2·5 telegrams annually per head of the population. Since 1934 the use of the telegraph service in New Zealand has increased steadily, the average number of telegrams sent per head of population being 2·9 in 1935 and 3·25 in 1936.

Speed and accuracy are essential requirements of an efficient telegraph service, and it is the constant aim of the Department to raise the standard of the service by effecting whatever improvements are economically practicable. The comprehensive programme for the installation of printing telegraph machines to replace the hand-operated Morse systems at the larger offices, which was referred to in last year's report, has now been completed, except for the installation at one centre, where the work has been postponed pending the completion of a new building. The printing-machines installed represent the latest development in telegraph communication systems. They are capable of handling traffic at more than double the speed of the Morse systems which they displace, and their introduction has, therefore, effected a decided improvement in the speed and reliability of the service throughout the Dominion. Besides accelerating the despatch of traffic at normal times, the machines are of very great benefit during abnormal traffic periods. This applies in particular to the Christmas season, when the extraordinarily heavy volume of traffic is now disposed of with much greater celerity and appreciably less effort than hitherto.

#### TELEPHONE-EXCHANGE SERVICES.

The increase in the number of subscribers during the year was the largest yet recorded in the telephone history of the Dominion, which goes back to the year 1881, when the first exchanges were established. At the 31st March last the subscribers had reached the record total of 138,140, an increase of 7 per cent. over the number of connections at the end of the previous year and of 4 per cent. over the maximum number of 132,855 reached prior to the depression. During the year the total number of new connections was 16,896, exceeding by 3,528 the number reached in 1926, when the telephone service showed its previous greatest expansion. Allowing for relinquishments, the net gain last year was 8,938 subscribers, which constitutes another record in the history of the New Zealand telephone system. At all principal exchanges, with the exception of Wanganui, Palmerston North, Gisborne, Timaru, and Masterton, the number of subscribers connected has now passed the pre-depression peak.