

The installation of the automatic-telephone-exchange switching-apparatus at Napier was completed, and the exchange was cut-over to automatic working on the 2nd December. This exchange system comprises 2,700 subscribers' lines and will be capable of providing reliable high-grade service for many years.

The equipment which was ordered in October, 1938, for the new automatic-telephone exchange at Gisborne is arriving in the Dominion, and the installation work is proceeding as rapidly as possible. It is expected that this exchange will be cut-over to automatic working towards the end of this year or early in 1941.

The installation of the initial equipment for the Mount Pleasant and New Brighton (Christchurch) sub-exchanges was completed during the year, and the exchanges were cut into service on the 10th January and 27th May, 1940, respectively. Additional equipment was also installed and brought into use at the St. Albans (Christchurch) and Christchurch Central automatic exchanges.

A considerable proportion of the automatic-switching equipment ordered last year for exchanges in the Auckland metropolitan area has been received, and a comprehensive programme for the extension of the automatic-switching system in that area has been commenced.

Additional automatic-switching equipment was provided during the year at the Whangarei, Remuera, Mount Eden, Takapuna, Hamilton, Hastings, Palmerston North, Hawera, Khandallah, Lower Hutt, Wellington Central, Wellington South, Courtenay Place, Miramar, Dunedin Central, and South Dunedin exchanges. A temporary automatic exchange was established at Mount Albert (Auckland) to cater for telephone growth in that area. The steady demand for telephone service also necessitated increases in the switching-capacity at a number of manual exchanges, including the installation of lamp-signalling branching-multiple switchboards at Thames and Tauranga.

At Wellington-Radio six steel towers have been erected to support a new aerial system, the medium-wave section of which has been completed, the short-wave section being in course of erection. Improvements in aerials and equipment have also been made at other radio stations.

DEVELOPMENT OF TOURIST RESORTS.

The expenditure for the year ended 31st March last was £24,892, as compared with £24,552 for the previous year.

During the year under review extensions to the Rotorua electrical system were proceeded with, and a commencement was made with the erection of a reservoir for the water-supply system at Rotorua. Constructional work in connection with roads and tracks was carried out at various places throughout the Dominion.

LANDS IMPROVEMENT.

During the year under review the Government provided assistance by subsidy or grant towards a considerable number of miscellaneous projects in connection with general land-improvement works. The principal types of work were in respect of flood-control and river-protection schemes, sand-dune and tidal-flat reclamation, water-supplies, and stream-clearing and drainage.

Major flood-control schemes were undertaken by the Department or local authorities in the Hawke's Bay, Canterbury, and Westland districts, and included the Ngaruroro, Ashburton, Hinds, and Karamea Rivers. Sand-dune reclamation was continued in the North Auckland, Auckland, and Wellington (Manawatu) districts by the planting of marram-grass, lupin, and pinus trees utilizing young plants raised in departmental nurseries specially established for the purpose. Water-supply installations in the Hauraki Plains and Awatere districts were subject to monetary contributions by the State, and financial aid was granted similarly in respect of clearing willows and drainage improvements in the Auckland and Taumarunui districts. Tidal-reclamation activities were confined to the Auckland district.

FLAX-INDUSTRY DEVELOPMENT.

During the year the Government decided to take by Proclamation under the Public Works Act an area of approximately 4,621 acres near Foxton, known as the Moutoa Estate, for development in connection with the flax industry. The Proclamation over this area was issued on 23rd November, 1939, and since then