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TELEPHONE EXCHANGES.

A new telephone-exchange, with thirty-five subscribers, was opened at Parakao on the 1st May. At the end of the year the number of subscribers receiving service from this exchange was 50. With the establishment of the exchange the five subscribers connected with the nearby exchange at Kirikopuni transferred their connections to the new centre, and the Kirikopuni exchange was closed on the 5th June, 1940.

As a result of the reticulation of the Hanmer Springs district for electric power during the year, the local private-telephone-line owners were faced with heavy expenditure in putting their lines in a condition to prevent induction from the high-tension lines. The Department therefore offered to replace the private-line system with departmental lines and to establish a telephone-exchange. This offer was accepted, and a telephone-exchange was duly established at Hanmer Springs on the 1st August, with forty-seven subscribers.

The number of exchanges now operating in the Dominion is 348.

NEW AUTOMATIC-TELEPHONE-EXCHANGE EQUIPMENT.

The whole of the equipment for the new automatic-telephone-exchange at Gisborne, which was ordered in October, 1938, has been received, and the installation work is nearing completion. It is expected that this exchange will be cut over to automatic working in July, 1941.

Practically the whole of the automatic switching-equipment ordered in 1939 for exchanges in the Auckland metropolitan area has been delivered, and the comprehensive programme referred to in last year's report for the extension of the automatic switching-system in that area is being proceeded with as rapidly as possible. The first stage of this programme comprises the installation at the Auckland Central exchange of 1,000 lines of equipment, specially designed to deal with heavy traffic loads such as groups of business telephone connections, which will be cut into service in April, 1941, in replacement of temporarily arranged equipment, and the replacement of the existing switching apparatus in the Devonport and Onehunga exchanges by modern 7A2 type rotary equipment which will be brought into commission in June, 1941. Additional equipment comprising 200 individual lines has also been installed at the Mount Eden exchange; and at all main exchanges in the area the old type friction-driven registers have been replaced by 7A2 registers and link circuits. Concurrently with the cut-over of the new switching equipment, approximately 9,000 subscribers' telephone numbers will be changed in the Auckland exchange area.

Additional switching-equipment was also provided during the year at a number of other automatic exchanges throughout the Dominion. At some exchanges, however, the additional equipment required to meet demands for telephone service cannot be made available, as the type of equipment involved has been procurable in the past solely from European manufacturers and alternative sources of supply have not yet been established.

LOWER HUTT AUXILIARY MANUAL EXCHANGE.

The demand for telephone service in the Lower Hutt exchange area has shown little diminution during the last twelve months, and the auxiliary manual switchboard which it was found necessary to provide in 1939 to cater for new subscribers has now been filled to capacity. Action has already been taken to extend the auxiliary exchange by the installation of an additional section of 200 lines which will enable the Department in the meantime to cope with further but limited telephone growth in the area.

PUBLIC CALL OFFICES.

During the year 65 new public call offices (coin-in-the-slot telephones) were brought into operation, bringing the Dominion total up to 1,240 installations. Actually, however, the net increase for the year was only 9; this was due to the fact that some 56 installations provided at the Centennial Exhibition and elsewhere were closed. Of the slot telephones in use, 1,175 are of the 1d. type, 7 of the 2d. type, and 58 of the 3d. type. The collections from the machines for the year amounted to £72,367, an increase of $9\cdot2$ per cent.