

An important event during the year was the laying of a second telephone cable across Cook Strait from Lyall Bay (North Island) to Blind River (South Island) in June. The new cable, which is 40·3 nautical miles long, is of the single-core coaxial type designed for high-frequency carrier-current operation, and will permit the simultaneous operation of twenty-three telephone channels and as many as thirty-six two-way teleprinter channels. After the completion of the necessary tests and the delivery of the high-frequency terminal equipment, four telephone channels were established over the new cable in October. These four channels will enable the Department to meet the increasing traffic demands pending the installation of the first instalment of the permanent associated equipment which provides for a total of seven telephone channels. It is expected that the full equipment necessary for the additional circuits will be installed and ready for service in June or July, 1938.

The long-distance toll service was further improved during the year by the installation of a three-channel carrier-telephone system between Wellington and Christchurch. This system is being operated over the new coaxial telephone cable between Wellington and Seddon, and thence over one of the open aerial metallic circuits between Seddon and Christchurch. Consequent on the establishment of this carrier system and a new voice-frequency circuit between Wellington and Blenheim, there will become available shortly a total of thirteen telephone channels across Cook Strait. It is proposed that these thirteen channels shall be allocated for use as follows :—

Wellington-Christchurch toll service	Eight.
Wellington-Christchurch voice-frequency telegraph service ..	One.
Wellington-Blenheim toll service	Two.
Wellington-Blenheim voice-frequency telegraph service ..	One.
Wellington-Nelson toll service	One.

Two three-channel carrier systems were also brought into operation between Auckland and Whangarei. The installation of these two systems has resulted in the speech-efficiency between Auckland and Whangarei being increased to a high level, while the release of the open-aerial circuits previously in use between those centres has made it practicable to provide improved facilities between Auckland and several other exchanges south of Whangarei. The installation of the three-channel systems has also displaced from service two single-channel carrier systems, and this equipment will be reinstalled at other places in order to effect still further improvements in the North Auckland section of the toll network. In addition, carrier systems were brought into service during the year between the following centres :—

Auckland-Rotorua : One three-channel system.
Napier-Wellington : One three-channel system.
Napier-Dannevirke : One single-channel system.
Masterton-Wellington : One single-channel system.
Christchurch-Dunedin : One single-channel system.

Teleprinter equipment for the despatch of telegraph traffic was installed during the year at Thames, which now has a direct teleprinter outlet to Auckland.

In keeping with the remarkable growth of toll and telegraph traffic the number of telephone installations continues to increase rapidly, and the net gain in subscribers totalled 9,706, as against 8,938 for the previous year. The grand total of telephone-stations in the Dominion on the 31st March now stands at the record figure of 192,019, which is 13,420 in excess of the previous year's figure. The following is a brief summary of the more important additions which have been