

8. The preliminary forecast of revenue and expenditure for the year ending 31st March, 1910, prepared on the 16th December, 1908, was as follows :—

£				£			
Traffic revenue	..	..	113,000	Renewal Fund	..	..	30,000
				Working-expenses	..	..	69,955
				Excess	..	..	13,045
£113,000				£113,000			

9. It will be seen that the Renewal Fund stood at £192,595 on the 31st March, 1909. The balance of cash at that date to the credit of this account was £18,791, and this has since been invested. Credit is given to the Renewal Fund for all interest earned by investments on this account, and, as the annual interest now amounts to £7,000, while the appropriation from the revenue for this purpose has recently been £31,000 (for the coming year it will be £30,000), the present growth of the fund is at the rate of £37,000 a year. In addition to this cash reserve there is in hand cable, &c., of the value of £18,945.

10. There were, during the year under review, serious interruptions of the Canadian land-line service on many occasions, and the Board's interests were in consequence adversely affected not only by the considerable amount of traffic diverted to the Eastern route, but also by the loss of prestige caused by the failure of the Board's system to deal with the traffic intrusted to it. There is reason to hope that the frequency and duration of these interruptions will be reduced owing to the steady increase in the number of alternative routes either completed or under construction in the Dominion of Canada.

11. For several months some delay was caused almost daily to the Board's Australian traffic, owing to the faulty condition of the Southport-Sydney line. It is satisfactory to be able to report that the line (between Doubtless Bay and Auckland) placed at the disposal of the Board by the New Zealand Government was maintained in good condition throughout the whole year.

12. Experiments with improved methods of increasing the duplex speed of the Bamfield-Fanning section of the system met with great success, and this cable, laid with the anticipation that the speed would not, in actual practice, exceed sixty-five letters a minute, is now daily working at the speed of ninety to ninety-seven letters a minute. As the traffic-carrying capacity of the entire route is ruled by the results attainable on this section, this increased speed, which has been attained without risk of damage to the cable, greatly improves the revenue-earning capabilities of the Board's system.

13. From the 4th of May till the 14th of May, 1908, the Board's repairing-ship was under charter to the Commonwealth for survey-work in connection with the laying of cables across Bass Strait. The sum of £1,339 was received on this account.

14. The ship continues to be in first-class order, and the discipline and efficiency of the ship's company to be satisfactory.

15. The health of the staff has been good throughout the year, and the service rendered by them has continued to be maintained on the high level of efficiency and zeal which has characterized it in previous years.

16. Throughout the year the cable has worked without interruption, and no repairs have been necessitated. The buildings, electrical apparatus, and plant at all stations have been maintained in good order.

17. To the regret of his colleagues, Mr. Pember Reeves, who represented the New Zealand Government not only on the Board from the beginning, but in most of the Conferences concerning the Pacific cable project, retired from the Board in December, 1908. Mr. Hall-Jones, who succeeded Mr. Pember Reeves as High Commissioner for New Zealand, undertook the representation of his Government on the Board.

18. On the death of Mr. Reynolds, which was recorded in the last annual account, the Board decided to abolish the post of General Manager, and to redistribute the duties between a London Manager and Secretary, and a Manager in the Pacific, who should be the Board's representative in Australasia, and should exercise more immediate control and supervision over the staff in the Pacific. To the post of London Manager and Secretary Mr. A. S. Baxendale was appointed, and that of Manager in the Pacific was filled by the promotion of Mr. Milward, Chief Electrician, who continues to perform the duties of that office.

19. The following statement may be of interest as showing the progress of the traffic since the opening of the cable :—

Number of Messages and Words dealt with.

Year.	Messages.				Words.				Remarks.
	Ordinary.	Government.	Press.	Total.	Ordinary.	Government.	Press.	Total.	
1902-3	112,085	3,929	1,021	117,035	1,219,152	89,849	77,197	1,386,198	
1903-4	169,238	5,680	1,906	176,824	1,858,905	135,382	103,610	2,097,897	
1904-5	169,191	6,049	2,058	177,298	1,815,370	109,852	124,020	2,049,242	
1905-6	188,428	6,403	1,767	196,598	1,949,771	120,169	79,303	2,149,243	
1906-7	228,250	8,623	2,185	239,058	2,386,232	188,756	155,793	2,730,781	
1907-8	238,088	8,310	3,192	249,590	2,442,136	157,430	136,386	2,736,002	
1908-9	232,304	9,086	2,532	243,922	2,347,384	176,160	216,000	2,739,544	

I have, &c.,

The Secretary, His Majesty's Treasury, Whitehall, S.W.

H. W. PRIMROSE, Chairman.