

18. Early in March, 1911, the Board received notice from the Union Steam Ship Company of New Zealand that, in consequence of the more exacting terms of a new contract for conveyance of mails between Canada and New Zealand, they must, after August, 1911, terminate the arrangement under which for some time past the company's vessels had made a call at Fanning Island six times a year at a charge of £200 a call. The maintenance of regular and adequate communication with the station, which has always been a matter of difficulty, thus threatened to become one of very serious embarrassment, as there is no other steamship company which maintains regular sailings by that route. The Board accordingly at once addressed the High Commissioners for Canada and New Zealand, inviting them to represent to their respective Governments the great inconvenience which must result from a discontinuance of the periodical calls at Fanning Island, and to urge that the terms of the mail contract might be so far relaxed as to allow of at least four calls a year at the island, without exposing the company to liability for penalties for delay caused by the necessary deviations. In the correspondence that followed the Canadian Government expressed itself as willing, subject to the concurrence of New Zealand, to make the necessary concession to the company of a special allowance of time, not exceeding twenty-four hours, on four voyages in the year; but the New Zealand Government was unable to see its way to an arrangement that might operate to cause an occasional delay in the conveyance of mails, and as a result the Board found itself after August last in the exceedingly awkward position of being deprived of all regular means of communication (except by cable) with the most isolated of its stations. Inquiries were instituted in various directions, but failed to obtain any promise, either immediate or prospective, of the establishment of an alternative service that would satisfactorily replace that previously given by the Union Steam Ship Company; and in consequence the Board has since been obliged to make provisional arrangements of a precarious and costly kind for conveyance to their staff of the means of subsistence. At some inconvenience to themselves, the Union Company diverted their vessels sailing in October and December, but found themselves obliged to charge the Board £500 on the first occasion and £1,000 on the second. The next call was made by the Board's own vessel in April, and in June, by the courtesy of the Commercial Cable Company, a call was made by their schooner on its periodical voyage from Honolulu to the company's station at Midway Island, in return for a moderate fee. What permanent arrangements can be made for the future is still uncertain. There is a possibility that a company may be formed for the commercial exploitation of Fanning and Washington Islands, in which case a regular service with the islands would be a necessary part of the enterprise; there is a hope that by aid of larger vessels that are being built for it the Union Steam Ship Company may be able to undertake to renew their calls, though at an increased rate of charge; and, lastly, the Commercial Cable Company are willing to offer their assistance regularly in the same way as they have aided the Board last month. In which of these directions an escape may be found from the present difficulty cannot be decided until the various situations have been developed, and a comparison can be made of the relative advantages and disadvantages that each course may offer. Meanwhile the Board have been and are being put to much expense and anxiety, and their staff at Fanning Island to much inconvenience, discomfort, and even risk of health. The aggravation of the trials of a station that under any circumstances is sufficiently trying from its isolation and monotony has been no light one, and it is very much to the credit of the staff that it has been borne with so little of impatience or complaint. Even so the position has been one of difficulty and even danger, and the Board have thought it right to dwell on it at some length in order that the contributing Governments may fully realize the conditions. When the route for the Pacific cable was being considered it was recognized that the selection of Honolulu as the first station to the south of Vancouver offered many advantages as regards construction and maintenance, and in respect of general commercial facilities. But it was advisedly held that all these must be regarded as subordinate to the paramount consideration of having for the cable no landing-station not on British soil; and in consequence Fanning Island was chosen. The decision appears to the Board to have imposed on the contributing Governments a continuing obligation to make the station tenable, and they venture to express the hope that in future arrangements that may be made for the conveyance of mails between Canada and the Australasian Dominions this consideration may not again be lost sight of.

19. With a view to improving the conditions of life at Fanning Island, the Board decided to supply the station with a refrigerating-chamber. The apparatus was installed by the crew of the "Iris" when she visited the island in April last. Unfortunately, owing to causes which are still under investigation, its working has not so far been satisfactory, but it is hoped that it will be found possible to remedy the defects. The total cost has been about £560. In the course of the current year it is proposed also to install electric lighting in the station, the present system of illumination by means of oil-lamps being found very trying to the staff in the equatorial climate of the place.

Terminal Offices.

20. The present offices in Sydney are held on a very uncertain tenure, and have been far from satisfactory in themselves. The Board have therefore been glad to avail themselves of an opportunity that presented itself of acquiring, for the sum of £7,500, a freehold building in Pitt Street, which, with alterations estimated to cost £2,500, will provide very suitable accommodation in a convenient situation. Possession cannot be obtained before the end of the current year, and occupation will be delayed for a further period of three months during the remodelling of the premises. This expenditure will be a charge on Capital Account.

As regards the London office, the Board are in negotiation with the High Commissioner for Australia with a view to their being provided with quarters in the building about to be erected in the Strand by the Commonwealth Government.