

Expenditure.

	£	s.	d.
Head office (salaries and expenses, canvassing, engineers' fees, and royalties)	9,102	3	0
Cable-stations (salaries and expenses)	68,096	0	0
Ship's salaries and expenses	13,379	13	9
Provident Fund	2,047	17	8
Renewal Account	30,000	0	0
Excess of receipts over expenditure	45,275	0	7

£167,900 15 0

3. The sum of £45,275 0s. 7d. was thus available towards meeting the annuity of £77,544 18s. payable to the National Debt Commissioners in respect of interest and sinking fund on the sum of £2,000,000 advanced by them for the purpose of providing the capital required for laying and equipping the Pacific cable. This is £8,229 1s. 6d. more than was available in the year 1911-12, and reduces by an equal amount the sum to be provided by vote of the Imperial and Dominion Parliaments, which will be £32,269 17s. 5d. for the year under review.

4. The net traffic receipts, as shown in the accounts, exceeded those of 1911-12 by £11,135, and were more by £9,026 than was originally estimated by the Board. The real increase has, however, been considerably greater, because, owing to delays in transfers of money from connecting Administrations, the message receipts outstanding on the 31st March, 1913, were no less than £18,000, against £11,000 on the 31st March, 1912, or £7,000 higher.

A sum of £980 transferred from the Renewal Fund on account of the cost of survey operations undertaken by the "Iris" in connection with the new cables is included in the gross revenue.

5. While expenditure shows a net increase over that of 1911-12 of only £520, it must be remarked that payment to the Renewal Account was £2,350 higher in the earlier year than in that under review, consequent on the transfer to the fund of profit earned by the "Iris" whilst in employment on behalf of another Administration; and as this additional sum was debited to expenditure in 1911-12 the actual expenditure on administration in 1912-13 was higher than that in 1911-12 by £2,870. The increase was due in the main to the following causes: The usual annual increments of salary, increased locality allowances consequent on their general revision, new lodging-allowances at Auckland and increased number at Sydney, higher pay of messengers at Sydney, increase of royalties on apparatus, employment of the "Iris" for a protracted period at Faanning during her cruise and later in effecting staff transfer from the Norfolk Island Station.

6. The expenditure has exceeded the original estimate by £5,770, and the revised estimate of January last by £4,170. The principal causes of the excess were: Increased expenditure on canvassing in London, the Provinces, and Germany; increase of clerical staff at Auckland and head office; new apparatus and increased consumption of stores; emergency repairs to buildings, &c.; and other services of which the cost could not be calculated at the time when the estimate was revised. At the moment of revision great modifications in the distribution of staff and in the order of business were being made in connection with the new routing of traffic resulting from the opening of the new line from New Zealand to Australia; and the effect of these upon the finances of the year it was impossible at the moment to estimate.

Extensions of the Cable System.

7. The extensions of the Board's system described in paragraphs 9-12 of last year's report were satisfactorily completed during the year under review, and the Board desire to take this opportunity of expressing their cordial acknowledgments of the admirable efficiency with which works of great magnitude and of much difficulty and delicacy were executed by the contractors employed—viz., the India Rubber, Gutta Percha, and Telegraph Works Company (Limited), of Silvertown, for the manufacture and laying of the new submarine cables; and Messrs. Siemens Bros. and Co. (Limited), for the manufacture of the land cables connecting the submarine cables with the offices in Sydney and Auckland, and for the construction of the connections on the Australian side. The thanks of the Board are also due to their consulting engineers—Messrs. Clark, Forde, Taylor, and Erskine-Murray—for the skill and unremitting care bestowed by them on the preparation of plans and estimates for the cables and on the supervision of their manufacture and laying. To the New Zealand Government and its officers the Board are specially indebted for much cordial co-operation and assistance in carrying out heavy and complicated works within the Dominion, and in providing handsome and spacious premises for the Board's accommodation in Auckland. Without such co-operation the difficulty and the cost of carrying out the scheme of extension would alike have been enormously increased. At the Australian terminus of the new line the works on land were much less extensive and intricate than in New Zealand; but there, too, the Board had the advantage of receiving ready and valuable aid from the authorities both of the Government and of the Municipality. Nor can the Board pass without record the unqualified satisfaction afforded to them by the zeal and efficiency displayed by their Manager in the Pacific (Mr. J. Milward), and their staff of all branches in the important share which fell to them in the organization and execution of the enterprise and in the introduction of the new scheme of traffic that resulted from it.

8. The total cost of the extensions cannot yet be stated with absolute precision, as there may be still some small accounts to come in from Australasia; but it may with substantial accuracy be said to have been £177,730, of which £176,270 represents outlay of cash and £1,460 the amount by which the value of cable previously in hand and utilized for the extensions exceeded the value of cable added to stock from surplus of new cable not actually used in the operations.