

in both instances is extremely satisfactory, not only as reflecting great credit on the ship's commander, Captain Sharp, and his permanent staff, but as showing that no serious delay need be apprehended in completing the ship's complement when required, and that in consequence the course taken by the Board may be regarded as fully justified by experience.

The ship herself continues to be maintained in first-class order, and the discipline and efficiency of the permanent officers and men to be very satisfactory.

Staff.

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

As men rise in the service the number who desire to marry increases, and this has tended to create a situation of some difficulty, owing to the limited accommodation available for married officers at the stations in the Pacific. The conditions attaching to the Board's service—the isolated position and trying climate of several of their stations, the consequent necessity of restricting the period of continuous service of an officer at any one of them, and the absence in them of any accommodation except what the Board provides—impose limits on the number of married men that the Board can at any one time employ, without incurring an extravagant expenditure on housing-accommodation and travelling-expenses. But the Board desires to make these limits as narrow as is consistent with a due regard for the financial interests of the undertaking, and in accordance with that policy it decided to provide quarters for one additional married officer at the three stations of Bamfield, Fanning Island, and Norfolk Island. At the two latter stations cottages have now been erected at a cost of about £1,100. The additional house at Bamfield remains to be supplied in due course.

Composition of the Board.

15. At the close of 1909 Sir Horace Tozer retired from the Board on resigning the post of Agent-General for Queensland. He had been a member since June, 1903, and his departure was much regretted by his colleagues. His place has been taken by the Right Hon. Sir George Reid, High Commissioner for the Commonwealth of Australia.

Rates.

16. In deference to the opinion in favour of a cheapening of cable rates for Press messages, which was expressed with so much force and so much unanimity at the Imperial Press Conference held in London last year, the Board offered to reduce by one-half its charge on Press messages between Australasia and Vancouver, provided the Australian and New Zealand Governments would do the same, and so allow of a reduction from 1s. to 9d. per word of the total charge between the United Kingdom and Australasia. Those Governments at once gave their assent, and the new rates were brought into force as from 1st August, 1909.

The effect of the change has been to increase substantially the amount of Press traffic carried by the Pacific cable. In the first place, although it does not appear that there has been any very marked increase in the total volume of international Press messages between the United Kingdom and Australasia, a fair proportion of it has been given to our route, whereas formerly almost the whole of it was sent by the Eastern route; and in the second place, the reduction in rates has been instrumental in encouraging the establishment of a new Press service between Canada and Australasia, which was started in February last by a new Australian agency, and of which the whole is carried by the Pacific cable. As a consequence, the Board's revenue from Press business, which formerly was almost a negligible quantity, has risen to some £250 a month.

17. The following statement shows the progress of the international traffic since the opening of the cable:—

Number of Messages and Words dealt with.—International

Year.	Messages.				Words.			
	Ordinary.	Government.	Press.	Total.	Ordinary.	Government.	Press.	Total.
1902-3*	18,494	915	35	19,444	202,313	24,210	1,831	228,354
1903-4	64,595	3,128	890	68,613	744,034	83,116	37,819†	864,969
1904-5	67,677	3,018	387	71,082	781,028	71,575	19,110	871,713
1905-6	77,331	3,109	259	80,699	834,778	74,763	13,225	922,766
1906-7	93,533	3,983	302	97,818	1,010,133	101,307	17,222	1,128,662‡
1907-8	98,964	4,292	1,918	105,174	1,041,433	105,519	84,940†	1,231,892
1908-9	98,186	4,617	1,009	103,812	1,012,998	116,847	95,203§	1,225,048
1909-10	109,384	4,841	1,438	115,663	1,109,639‡	120,415	126,081	1,356,135‡

* Cable opened for international traffic, 8th December, 1902.

† English cricket team in Australia.

‡ Sydney office opened.

§ American fleet visit to Australasian waters.

|| Reduced Press rate and new Canadian service.

In addition to the above, a very considerable intercolonial traffic is carried between Australia, New Zealand, and the Fijis, keeping the southern sections of the cable fully occupied during business hours.

I have, &c.,

H. W. PRIMROSE, Chairman.

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