

Sub-enclosure 2 in No. 1.

The AUDITOR TO THE TREASURY, London, to the SECRETARY TO THE TREASURY, London.

SIR,

Treasury Chambers, 25th September, 1914.

I have the honour to report that I have audited the accounts of the Pacific Cable Board for the year ended 31st March, 1914, in accordance with the instructions conveyed in their Lordships' minute of the 17th April, 1902, and have found them correct.

The annual expenses of the cable, as defined in section 3 (2) of the Pacific Cable Act, 1901, and extended by section 1 of the Pacific Cable Act, 1911, so far as they were not met out of the receipts arising in connection with the cable, amounted in the year to £19,950 8s. 11d.

There is, therefore, recoverable from the contributing Dominion Governments a sum of £14,408 13s. 2d. representing thirteenth-eighteenths of the net expenditure, viz.:

	£	s.	d.
Australia (six-eighteenths)	6,650	3	0
Canada (five-eighteenths)	5,541	15	10
New Zealand (two-eighteenths)	2,216	14	4
	<u>£14,408</u>	<u>13</u>	<u>2</u>

I beg to submit that the accompanying account, which has been duly certified, be presented to Parliament in compliance with section 7 of the Pacific Cable Act, 1901.

The Secretary to the Treasury.

I have, &c.,

G. H. HUNT, Auditor.

Enclosure in Sub-enclosure 2 in No. 1.

The CHAIRMAN, Pacific Cable Board, London, to the LORDS COMMISSIONERS OF HIS MAJESTY'S TREASURY, London.

The Pacific Cable Board, Queen Anne's Chambers, S.W.,

5th September, 1914.

MY LORDS,—

I have the honour, on behalf of the Pacific Cable Board, to submit, in the form hitherto adopted, the following accounts:—

(I.) The sum issued out of the Consolidated Fund, and the expenditure of the Board on Capital Account;

(II.) The money borrowed and the securities created;

(III.) The aggregate amount of capital expenditure up to the 31st March, 1914;

(IV.) The expenses of the cable in the year ending 31st March, 1914;

(V.) The account of the Provident Fund; and

(VI.) The account of the Reserve and General Renewal Fund.

2. The results of the year's working are set forth in the following statement:—

REVENUE ACCOUNT.

<i>Receipts.</i>			<i>Expenditure.</i>		
	£	s. d.		£	s. d.
Traffic receipts	196,054	19 7	Head office (salaries and expenses, canvas-		
Bank interest (less cost of advance			sing, engineers' fees and royalties) ..	8,742	8 10
remittances)	492	0 4	Cable-stations (salaries and expenses) ..	77,082	16 8
Refund tolls and dues	665	16 4	Ship's salaries and expenses	13,244	10 8
Sale of furniture	385	0 0	Provident Fund	2,126	15 11
Rent of leased buildings	249	17 11	Renewal Account	30,000	0 0
			Excess of receipts over expenditure ..	66,651	2 1
	<u>£197,847</u>	<u>14 2</u>		<u>£197,847</u>	<u>14 2</u>

NET REVENUE ACCOUNT.

<i>By excess of receipts over expenditure</i>			<i>To National Debt Commissioners (interest</i>		
	£	s. d.	and sinking fund on £2,000,000 advanced	£	s. d.
from Revenue Account above	66,651	2 1	for capital expenditure on Pacific cable)	77,544	18 0
Balance to be provided by Imperial and			Renewal Fund (interest and sinking fund		
Dominion Parliaments	19,950	8 11	on moneys provided for Sydney-Auck-		
			land and Doubtless Bay-Auckland		
			cables)	9,056	13 0
	<u>£86,601</u>	<u>11 0</u>		<u>£86,601</u>	<u>11 0</u>

The excess of receipts over expenditure is greater by £21,376 1s. 6d. than the corresponding figure in the previous year; and the deficit to be provided by the Imperial and Dominion Parliaments is £12,319 8s. 6d. less than the deficit of the previous year.

3. The net traffic receipts as shown in the accounts exceeded those of 1912-13 by £30,028, and were more by £11,055 than was originally estimated by the Board.

It will be seen from the figures given in paragraph 22 of the report that there is a rapid and satisfactory increase in the deferred and week-end traffic, showing that the reduced rates are appreciated by the public. At the same time, it must be noted that the traffic at full rates is less than it was in 1911-12, whereas in the three years ending 1911-12 the full-rate traffic had increased on the average by about 10 per cent. per annum. This makes it evident that, as was to be expected, the reduced-rate traffic has, in part, been diverted from the full-rate.

4. The expenditure shows an increase over that of 1912-13 of £8,571. This was due mainly to the normal increases under the incremental scheme of salaries, to an improvement in the scale of