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Government Schooner Department, Rarotonga,
31st March, 1904.

SIR,—

I have the honour to forward you herewith the balance-sheet of this Department in connection with the schooner "Countess of Ranfurly" for the year ending the 31st March, 1904.

The expenses of the schooner have been as follows:—

	£	s.	d.
1. Wages	630	3	6
2. Provisions	474	4	8
3. Insurance	315	0	0
4. Benzine	138	1	8
5. Docking and recoppering	115	19	6
6. Canvas and rope	155	1	0
7. Machinery-repairs	24	9	0
8. General outfit and repairs	334	5	3
9. Agency charges, Auckland	96	11	11
10. Office charges, Rarotonga	45	15	0
11. Miscellaneous expenditure	157	7	11
Total	£2,486	19	5

The earnings of the schooner have been—

	£	s.	d.
1. Freight	986	17	9
2. Passenger-fares	254	7	9
3. Special charters	250	0	0
Total	£1,491	5	6

The loss for the year on the running of the schooner has therefore been £995 13s. 11d., which has been met by the subsidy of £1,000 received from the Cook Islands Treasury.

I may point out that this is the first year that the earnings of the schooner have been directly charged with payment of insurance premium, £315. If that amount were deducted from the loss this year the same would be reduced to £680, which would compare favourably with the loss on the running of the vessel in previous years.

With reference to items of expenses Nos. 2, 5, 6, and 8, at least 95 per cent. of same were incurred in Auckland under the authority and supervision of the captain of the vessel. As indicated in my report of the 7th March, 1904, I am of opinion that a saving of at least £250 to £300 could be effected in regard to these items of expenditure if more economy were practised by the captain and officers of the schooner in ordering goods and supplies.

The earnings of the vessel, £1,491 5s. 6d., are, in my opinion, satisfactory. She has carried full cargoes from Auckland to Niue and the Cook Group, and on her trips from the Cook Group and Niue to Auckland she has been fairly well loaded up. The schooner has also been well patronised by passengers. If her cabin-passenger accommodation were enlarged and made more suitable for tropical travelling I feel certain that there would be an increase in the number of passengers, both commercial and tourist, who would patronise the vessel.

The schooner has during the year been fully employed, and no time has been wasted at any of the terminal ports or ports of call. In the twelve months the vessel has made the following trips, aggregating about twenty thousand miles: Auckland to Niue and Rarotonga, 4; Rarotonga to Niue and Auckland, 3; Rarotonga to Niue, 1; Niue to Tonga, 1; Niue to Northern Islands and Malden Island and return, 1; Islands of Cook Group, 5. As will be seen Niue has received the benefit of the schooner's services almost as much as the Cook Group without the Niue Administration in any way contributing towards the expenses of the vessel. I had hoped that the Department would have received this financial year, 1903-4, a subsidy from the Niue Administration, which would have lightened the subsidy paid by the Cook Islands Administration. I understand that the Resident Commissioner at Niue is in communication with the Minister in reference to this matter, and I trust that the amount of subsidy which will be authorised to be paid by Niue will be proportionate to the benefit received by that island.

The chartering of the schooner by a Melbourne firm to carry workmen, stores, &c., from Niue to Malden Island and back profitably fills in the time of the schooner while there is but little freight offering in the Cook Group. Another charter has been arranged with the same firm, and other matters are in progress for profitably employing the schooner in the future. I am of opinion that the coming year will show as good a return in respect of earnings as the past year, and, with more economical management in the matter of expenditure, next year's balance-sheet should show that the loss on the running of the schooner has been greatly minimised.

I have, &c.,

The Resident Commissioner, Rarotonga.

E. BLAINE, Secretary.