

The Resident Agent is making efforts to get new lands cleared and planted, and to induce the young people to work upon them instead of being kept in idleness by their parents; but, while meeting with a good deal of passive resistance in this and other reforms, the matter is being pressed, and it is hoped that a general improvement will result, that more valuable returns will be obtained for the fruit, and that the exports will increase.

#### AITUTAKI.

As in the case of Mangaia, a slight decrease in the exports was experienced, but on the whole the island is working on sound lines, and a general though gradual improvement all round is anticipated.

It is proposed this year to so improve the cargo-shed that it may be used as a Government bond, and also to safely store inward cargo waiting delivery.

Mr. J. McCulloch, Resident Agent, whom it was found expedient to transfer to the Island of Mauke, was succeeded by Mr. E. F. Hawk, late Resident Agent at Penrhyn, whose place has been taken at the latter island by Mr. R. C. Morgan.

#### ATIU.

Very careful attention is being given by Major J. T. Large, the Resident Agent, to the administration of this island, and it should in time materially assist the revenue of the Administration.

#### MAUKE.

I indicated in my last annual report that it was my intention to pay attention to the development of this island and to appoint a Resident Agent thereto. For this purpose I have taken Mr. J. McCulloch, formerly Resident Agent at Aitutaki, who is highly thought of by the Natives and very tactful in his dealings with them, and appointed him Resident Agent at Mauke to break it in to European administration. Where a Native Resident Agent is superseded by a European it is only natural that difficulties should be experienced, but I am confident that Mr. McCulloch, assisted by the late Resident Agent, Tamuera Tangata—to whom the thanks of the Administration are due for his former services—will soon have the island in good working-order.

Material has been sent to the island with which to build a suitable dwelling and office for the new Government officer.

In former years the splendid oranges which are grown at Mauke in great quantity have not had a fair opportunity of getting on to the market in good condition, and the Resident Agent's energies will be directed to teaching the Natives the most up-to-date methods of handling their fruit, as well as improving the general social conditions on the island.

The calls of the Union Company's steamers at the Island of Mauke have in the past been most infrequent, but it is earnestly hoped that in future, owing to the increased output that may be anticipated, the Union Company will be encouraged to visit the island more frequently than at present.

#### PENRHYN.

Owing to the transfer of Mr. E. F. Hawk, Resident Agent, to the Island of Aitutaki, Mr. R. C. Morgan was appointed Resident Agent. Mr. Morgan has a considerable knowledge of medicine, and should be of very great service to the Administration in this far-away island.

The various departmental reports and returns are appended.

I have, &c.,

J. EMAN SMITH,

Resident Commissioner.

The Hon. the Minister in Charge of Cook Islands Administration, Wellington.

SIR,—

Rarotonga, Cook Islands, 8th May, 1912.

I have the honour to forward herewith statements of revenue and expenditure for the year ended 31st March, 1912, also trade returns for the year ended 31st December, 1911.

The revenue for the year from all sources amounted to £8,923 18s. 11d., being an increase of £656 9s. 6d. over the previous year. The principal increases are Customs duties, £864; stamps, £127; profit from Fruit Fumigation and Inspection Account, £60; and water rates from the Arorangi Waterworks, £81. The latter is a new item of revenue. Items showing decreases of any magnitude are Land Titles Court fees, £290; High Court fees, £115; rents, £69; and interest, £40. All arrears of rent and interest outstanding at the close of the year have since been collected.

The total expenditure amounted to £9,430 2s. 8d., being an increase of £1,382 11s. 2d. over the preceding year, and £506 3s. 9d. in excess of the revenue.

The balance to the credit of the Administration at the close of the year was £4,151 2s. 3d. Of this amount, £1,000 is invested in New Zealand Government debentures, and £1,000 on fixed deposit.

Public works: The total amount expended on public works and live-stock imported for the benefit of the Cook Islands amounted to £4,195 16s. 2d. This is an increase of £972 15s. over the previous year. A perusal of the expenditure schedule will show the amount expended on the several works undertaken during the year.