

declined to approve the Appropriation Bill till this clause was inserted, as a safeguard against a very probable decrease in Customs revenue, owing to the low prices of produce, and the comparative poorness of the coffee-crop this year. Out of the estimated revenue of \$7,000, the sum of \$5,000 has been appropriated for public works and education for 1892-93; and the provision respecting fixed subsidies, while making the finance safe, cannot in any case have an injurious effect.

7. The Subsidies Act was also necessary, before approving the Appropriation Bill, in order to prevent waste and misuse of the public money. The Native practice has hitherto been to leave the Arikis and chiefs to divide money as they think best. The estimates were very carefully considered, and two officers were struck off as being unnecessary in the Customs. A Divorce Bill, introduced by the Government, was thrown out by eight to four, the majority deciding that they preferred each island making its own laws on this subject.

8. The law providing for banishment to Takutea was rendered necessary by the absence of a gaol, or other means of penal confinement. Two cases of stabbing have occurred during the last year. In one of them the offence was the fourth by the same man. There was, fortunately, no fatal result; but only a fine could be inflicted, and that is quite insufficient to meet offences of the kind. Banishment will only be resorted to in extreme cases. It will be my special duty to see that it is only so applied, and that any cases which may occur are at once reported to your Excellency.

9. In conclusion, I may venture to express to your Excellency my own gratification at the rapidity and soundness of the progress made by the Natives in working the free self-government bestowed upon them under British protection. Of the permanence of the Federation there is no room now to entertain a reasonable doubt. Members of Parliament have returned to their homes proud of their position, and able to explain their proceedings thoroughly to their people. With judicious guidance for a few years, and, above all, with a knowledge of the English tongue, their influence, and with it that of New Zealand, will be widely spread among the numerous islands around them. No attempt has been made to introduce English modes of procedure in their Parliament or Government; but they are sure to adopt them gradually, as necessities arise. The Island of Mangaia has manifested its own appreciation of the benefits conferred, by paying the balance of the fine levied upon them, and to which I referred in my last despatch. With this payment has ended a most troublesome dispute—the only one of any moment that has occurred in these islands.

I have, &c.,

FREDERICK J. MOSS,
British Resident.

His Excellency the Earl of Glasgow, G.C.M.G., &c.

Enclosure No. 1.

MESSAGE No. 1.

From the ARIKIS (the Government) to the PARLIAMENT of the FEDERATION of the COOK ISLANDS.

SALUTATIONS to you who are now met in Parliament for the first time since our federation. We make to you the following report for the year that is gone, and what we think requires your consideration for the year to come.

		\$	c.
<i>Revenue.</i>			
The financial year does not end till the 30th June. Therefore we can only now give you the revenue till 31st May—namely, eleven months	...	5,090	45
<i>Expenditure.</i>			
The expenditure for eleven months has been	...	2,024	26
The liabilities for subsidies to each Island, and for other expenses to be met on the 30th June, will be about	...	1,200	00
		<u>\$3,224</u>	<u>26</u>

Full accounts of revenue and expenditure for the year will be laid before you when the year is ended, and the accounts have been properly audited.

Surplus.

The revenue for June will depend on the cargoes that arrive, but we can rely on a surplus of \$2,000 to be appropriated to public works of some useful kind. In making the appropriations for next year we advise great carefulness, as cotton and copra have fallen in price, and we do not know how the revenue may be affected. Better to err on the safe side. You will then be likely to have money for public works for next year also, instead of running into debt, and so bringing much trouble on all the people.

		\$	c.
<i>Imports.</i>			
The imports for eleven months have been (in currency dollars of three English shillings each)	...	123,562	53
<i>Exports.</i>			
The exports of Cook Islands produce for same period have been	...	132,000	56