

banished the Chili dollar, and have replaced it with British coin. In Rarotonga, which is the trade centre of the Cook Islands, the dollar has not been abolished; but most of the business is now transacted in British money, and it seems to me that the time has now arrived when, without injury to trade, a time may be fixed after which the dollar shall not be a legal tender within the Cook Islands. I do not propose that the dollar should at once be driven out of Penrhyn, Manihiki, and Rakahanga, for the trade of those islands is still in the hands of Tahiti firms, who depend entirely on the Chili coin as a medium of exchange.

#### PROSPECTS OF EUROPEAN SETTLEMENT.

The islands of the Cook Group, and perhaps Niue, alone offer inducements for European settlers; but the vital statistics of each island show that at no very distant date the present native population will either die out or become so much reduced in numbers that it will be necessary to replace them with a foreign population. From my own experience I can see no reason why these foreigners should not be men and women of British descent, for though the climate is tropical there is no malaria, and it may fairly be said that the islands are as healthy as any part of New Zealand. From the 1st of May to the end of November any European may work in the sun without injury to his health.

At the present time settlement would only be possible on the Islands of Rarotonga and Atiu, where there is a good deal of waste land of the most fertile character; but titles must be defined and ownership ascertained before any steps can be taken in the direction of colonisation.

I have on several occasions reported that no improvement in the state of affairs prevailing in these islands could be expected from the Maori side of the House. The only hope is that the Federal Council may be induced to pass Ordinances which will enable the Resident Commissioner to enforce a certain amount of industry and foresight. If that officer has the power to encourage and enforce surveys, fencing, and other improvements, such as the planting of land in the hands of the natives and the leasing of waste lands that cannot be beneficially occupied by the owners, something may be done; but nothing less than stern authority can overcome the natural careless indolence of the Polynesian in his own home.

The character of the Cook-Islander is well illustrated by his want of care of the breadfruit trees. This tree is the most important food-producing plant in the Pacific, and deserves the consideration of the native, if only from the fact that it requires no labour on the part of man. Yet the owners of these valuable trees have allowed them to be destroyed by horses, who are very fond of the bark, so that there are not a dozen sound healthy trees on the island. Much praise is due to the people of Aitutaki, who will not allow a horse to be landed on that island.

#### REVENUE.

The returns for the last six months up to the 31st December show a natural falling-off, due to the fact that the duties due on all goods exported from New Zealand are collected in that colony. The receipts have been as follows:—

	£	s.	d.
Customs... ..	1,469	15	7
Postal, and sale of stamps ... ..	131	9	8
Traders' licenses ... ..	155	15	0
High Court fees and fines ... ..	6	0	4
Arikis' Courts fees and fines ... ..	132	0	4
Shipping fees ... ..	3	5	6
Other receipts ... ..	88	3	2
	<hr/>		
	£1,986	9	7

After paying all the expenses connected with the government of the group and of the Government schooner, there was a balance in the Treasury on the 31st December of £1,308. Most of this balance will, however, be required to build a Customs and post office and an officer's residence, as also a hospital, the present building being little better than an oven.

W. E. GUDGEON, Resident Commissioner.

Rarotonga, 20th February, 1902.

#### No. 86.

SIR,—

Rarotonga, 21st February, 1902.

I have the honour to forward herewith an estimate of revenue and expenditure for the year ending 31st March, 1903. Hitherto our financial year has ended on the 30th June, but, as we have now become part of New Zealand, I have directed that the account for the current year should be closed on the 31st March next, in order that our system may in all things be assimilated to that of New Zealand.

It is quite possible that our revenue may exceed the estimate; indeed, I anticipate that it will do so, but it is better to underestimate. The expenditure may also be exceeded in payments of Government agents—Rakahanga, £5; Manuhiki, Atiu, and Mangaia, £10 each—when you approve these appointments.

I have, &c.,

W. E. GUDGEON,  
Resident Commissioner.

The Right Hon. the Premier of New Zealand, Wellington.