

Currency.

To the 31st December, the South American dollar formed the currency; but on the 1st January, 1895, the law passed by the Federal Parliament in August came into operation. British currency is now the only legal tender, and the only money taken by the Government. The dollar is still taken by traders, and will only be gradually displaced among the natives. Its fluctuations during the last six months have been from 3s. to 2s. 8d., 2s. 6d., 2s. 3d. and 2s. The exchange at the present time is nine dollars to the pound sterling. The Government has protected itself, in the absence of a bank, by the provision of currency notes. In event of no British currency being available, the dollars tendered in payment of duties are exchanged for these notes, and exported, to be sold for British coin. As the Government only advance 1s. 8d. to the dollar in such cases, merchants prefer importing the British coin for themselves, and no issue of currency notes has, so far, been required. The displacement of the dollar by British coin is now assured, but the process must be gradual. The dollar is twice the size of the British florin, though worth very little more as coin, and this size is an attractive feature to the natives. They all, however, prefer British gold coin to silver of any kind. It may be worth mentioning that among the dollars, those of Guatemala and Columbia have lately been refused in Tahiti at less than 20 per cent. below others, and are in consequence refused in same way in the Cook Islands.

Exports.

The exports for 1894 (Table II.) were £20,665, against £19,668 for the previous year. They were sent as follows:—

	1894. £	1893. £
To New Zealand	15,906	14,307
„ Tahiti	4,759	5,361
The chief articles of Cook Islands produce exported were,—	£	£
Coffee	7,782	6,444
Copra	6,189	5,712
Cotton	1,701	3,069
Oranges	2,534	2,537
Other fruit	482	510

Coffee and copra show an increase, but cotton has gone nearly out of cultivation, owing to the low price. Coffee and copra are both capable of large increase, the former especially. The fruit trade must also increase with increasing population in New Zealand, which is the only market.

The increase in the export trade has been with New Zealand; that with Tahiti shows a slight falling off.

Imports.

The imports show an excess over the exports for the first time, but no conclusion can be drawn from a single year. The total for 1894 (Table III.) was £22,433, against £19,284 for the previous year.

	1894. £	1893. £
The imports were as follows:—		
From New Zealand	13,151	10,187
„ Tahiti	9,282	9,097
It will be observed that the increase has been from New Zealand.		
The chief articles from Tahiti were,—	£	£
Clothing and soft goods	3,995	4,265
Breadstuffs	840	720
Provisions and groceries	982	748
Lumber	804	738
Hardware	610	916
Miscellaneous	1,398	1,283
Tobacco	234	208
Spirits, wines, and beer	114	191

In addition to the imports and exports shown in the Tables II. and III., there has been an import of specie (so far as could be ascertained) of £3,048, of which £1,045 was British coin from New Zealand. The export of specie was £1,965, in Chilean dollars, to Tahiti.

Revenues.

The Federal revenue for the year ending 30th June, 1894, was £1,246 7s., of which £943 10s. was from the import duty of 5 per cent. on goods of all kinds, which is the only tax levied by the Federal Government, and £302 17s. from the Post Office, Shipping-master's fees, and other sources. The chief of these is the sale of postage stamps, for which orders have been sent from many countries, making what must have been an acceptable addition to the small revenue.

No regular local taxation has been hitherto levied in any of the islands. The system has been for the chiefs to undertake that the district or tribe shall do certain work or find certain money—a system which practically means forced labour, and leads to great exactions from those whose position compels them to submit. Last session of the Rarotonga Council was marked by a new departure: a tax was levied for the maintenance of roads, every person to pay in proportion to the frontage of the land which he occupied. Proper assessment rolls are made up, and paid collectors appointed. This will be a great advance if successful, and do away with the system of *tapere*,