

shall be paid out of the Treasury except on the joint certificate of the Public Works officer and the Foreman of Works of the block whereon the men have been employed.

No Government money shall be paid on account of any work other than the following: Clearing bush, fencing with ring fence, planting cocoanuts, and cleaning round young trees. Drainage works to be undertaken only where reported necessary by the Engineer. Any money expended on such works with the concurrence of the owners shall become a charge against the land on which the money has been expended.

The Treasurer shall keep a ledger account against each block of land, in order that a balance-sheet showing liabilities shall be open to the inspection of the owners on the 31st day of March in each year.

No demand for either principal or interest shall be made on the owners of any block until the expiration of ten years from the date on which such land was taken over by the local authorities. After the expiration of the ten years the owners of the block shall meet the Resident Commissioner, and shall decide what percentage of the debt shall be paid off in each year thereafter out of the profits drawn from the land.

Any arrangement made on the lines I have indicated would prove of great benefit to the people of this island. It may indeed be found advisable to aid in the planting of the whole island, even though we should have to borrow the money to do so. As a mere investment it would pay, apart from the prospective benefits of increased Customs revenue. I would also point out that though the Government would hold the land during the six years, and devote itself to the cocoanut industry only, yet the Native owners would not be debarred from planting bananas on the same land under reasonable restrictions for the safety of the young cocoa-palms. This is simply a business proposition, and there must be no sentiment in the matter. The scheme is designed to assist the owners of the land, and strict economy and good work will alone compass that end.

It is possible that section 14 of "The Cook and other Islands Government Act, 1901," may be held to prevent the use of the surplus revenue of the Islands in the manner I suggest, and that it will be necessary for the Parliament of New Zealand to take action before anything can be done. If this view is correct, I have the honour to suggest that the Resident Commissioner be placed in such a position that he can legally bring the Ordinance giving him necessary powers before the Federal Council.

IMPORTS AND EXPORTS.

Attached to this report are Schedules A, B, and C, which contain all the available information in connection with the trade of the group. By the first-named schedule it will be seen that the exports for the year have been valued at £51,578, exceeding those of the year 1906 by no less than £5,653. In like manner the imports for the same year are valued at £50,756, as against £41,437 for the previous year. These figures may be regarded as satisfactory, but not unexpected, inasmuch as the trade of the group has been distinctly progressive for the last nine years. Any lamentation over assumed failures of exports or revenue are premature and uncalled-for, and were probably the result of information given maliciously and with intent to deceive, for I know of no official information that would bear out the conclusion that the exports of this group were falling off either in quantity or quality.

In proof of my assertion that progress has been the rule, I furnish herewith a return of the chief items of export for the last eight years.

Year.	Bananas.	Bananas.	Coffee.	Copra.	Oranges.	Oranges.	Pines.	Taro.	Value.
	Bunches.	Boxes.	lb.	Tons.	Cases.	Crates.	Cases.	Boxes.	£
1900	34,932	..	46,303	902	55,156	1,210	..	..	22,379
1901*	..	..	..	..	..	..	..	..	27,819
1902	20,070	21,132	42,600	1,310	36,652	..	3,936	24	34,821
1903	10,075	25,843	138,000	1,105	60,346	..	5,663	50	34,740
1904	9,324	39,588	58,050	1,272	79,339	..	5,275	96	38,248
1905	10,768	46,358	76,900	1,212	76,080	..	4,378	..	34,890
1906	13,954	72,430	104,300	948	86,222	..	4,777	635	45,925
1907	14,727	75,295	45,060	934	104,201	..	5,352	153	51,578

* No information available.

In my report of last year (page 3 of parliamentary paper A3, 1907, Cook and other Islands) the export of copra for 1906 is stated as 687 tons. The figures should have been given as 1212 tons.

Reference to the above return will show that in eight years the export of bananas has increased threefold, and that both oranges and pine-apples have more than held their own, notwithstanding scale, black aphid, and other pests. Coffee is a crop that cannot be depended upon, but about once in three years the berries are sufficiently numerous to induce the women and children to undertake this unremunerative work. As for the copra, this valuable article of export is stationary, and likely to be so until the European planter has had time to make his presence felt. At the present day quite half of the nuts grown by the Natives are used to feed their wretched pigs, which in this manner cost the island about £4 per pig per annum. I use the expression "cost the island," for it cannot be said that it costs the owner of the pigs anything, except the time lost