

2. That the Chief of the Government shall, by Proclamation, fix a date from and after which the current gold and silver coinage of the United Kingdom of Great Britain and Ireland shall be the only coinage current as legal tender in the Cook Islands.

3. The unit of account shall continue to be the dollar of one hundred cents.

4. The sovereign and the half-sovereign shall be legal tender as five dollars and two and a half dollars respectively.

5. The silver coins shall be legal tender as follows:—

The florin, at fifty cents or half-dollar;

The shilling, at twenty-five cents or quarter-dollar;

The sixpence, at twelve and a half cents; and other silver British coins at proportioned ratios of a dollar.

6. The copper coins shall be current at 100 halfpence to the dollar, and other copper coins in accordance with the ratio.

7. No person shall be obliged to accept as legal tender silver coins to an amount exceeding twenty-five dollars, nor copper coins exceeding twenty-five cents, in any one payment.

8. The Chief of the Government is hereby authorised to issue, with the approval of the British Resident as hereinbefore provided, Government notes to an amount not exceeding in all the sum of two thousand pounds, in such form and of such separate amounts as may be found most suitable.

9. The said notes shall be numbered consecutively, and entered in a registry so kept as to indicate the dates of issue and the amount in circulation at any one time. They shall be signed and countersigned by persons appointed by public notification by the Chief of the Government and approved by the British Resident.

10. Any person or persons may obtain Government notes as an advance, secured upon the deposit of Chilian or other dollars now current, but such advance shall not exceed two shillings on each dollar.

11. The dollars upon which the advance has been made shall be exported for sale. On receipt of the proceeds in British coin the advance shall be repaid. If there be a deficiency, the person or persons to whom the advance has been made shall pay such deficiency; if a surplus, it shall be paid to the said person or persons.

12. The amount of the notes in circulation shall not at any time exceed the amount of the dollars held in security at the rates aforesaid, or of British coin representing the full value of said notes.

13. The said notes shall be received for import duty and all other dues payable to the Federal Government of the Cook Islands, or to the local Government in each of the islands forming the Federation. They are hereby secured upon the Federal revenues of the Cook Islands, and shall be all or any of them redeemable in British coin at such time or times as the Chief of the Government may by Proclamation direct.

14. All existing obligations of the Government for salaries or otherwise shall be estimated at three shillings to the dollar, and all sums due to the Government may be compounded for British coin at the same rate.

15. The Chief of the Government is authorised to make all arrangements and appointments, and to incur all expenditure, necessary to give effect to this Act.

Dated at Rarotonga, this day of , one thousand eight hundred and ninety-four.

No. 2.

Mr. F. J. Moss to His Excellency the GOVERNOR.

MY LORD,—

British Residency, Rarotonga, 14th August, 1894.

I have the honour to enclose an Act passed by the Federal Parliament, "to establish a British currency," in lieu of the Chilian and other South American dollars which have become the current coin of these islands.

The original Bill, of which a copy was enclosed for your Excellency's information in my despatch of 14th July (No. 6/94), provided that dollars and cents should be retained as the money of account. This was struck out by the Parliament, on the ground that unless the change were made thorough and complete the Chilian dollar would continue to pass in ordinary exchange here, as it still does in the French possessions adjacent to the Cook Islands. I represented the advantage of a decimal coinage in account, but the Parliament, after full consideration, adhered to their first decision, and I felt it my duty to concur.

In the absence of a bank or other means of securing a regular supply of British coin, the successful working of the Act must depend on the provisions for the issue of temporary Government notes in exchange for dollars, and to take their place while the dollars are exported to be sold and replaced by British coin. The unavoidable delay in procuring these notes from New Zealand, and the advisability of not breaking into a quarter's accounts, will prevent the change being effected till the end of the present year.

I have endeavoured to secure the co-operation of the merchants and traders, and at my request a special meeting was convened on the 11th June. They wrote expressing an almost unanimous opinion in favour of the change; and the Bill to be laid before the Parliament was afterwards submitted for their consideration. But one of the largest importers did not concur. How far his influence, and the prospect of change in the markets for produce by making them more open in character, may affect others remains to be seen. In any case, in view of the continued fall in price of the Chilian dollar (now worth only 2s. 6d. in Rarotonga), in view of its uncertainty as a measure of value, and of its uselessness as a medium of exchange in any accessible market except Tahiti, the