

credited with the freight claimed thereon by the Schooner Department, the effect of which is that the coal becomes the property of the Islands as a cost of less than £10. This arrangement seems fair enough under present circumstances, but in the event of your effecting a satisfactory sale of the coal it will be necessary to decide as to the disposal of the proceeds. The coal was sent principally to make up the necessary quantity of ballast, and the question of freight may therefore be said to be in a different position from that of an ordinary cargo.

This adjustment gives credit for all the amounts claimed by the Schooner Department, excepting the amount of Mr. Haszard's passage to the Cook Islands and Niue, £15, which has already been paid by the Resident Commissioner of Niue. All amounts advanced by the New Zealand Government up to the end of July, 1904, are recovered. There is still outstanding the amount paid as wages to the master and mate of the schooner since the July payments, for which I am sending you an account.

You will observe that the Customs duties refunded are only those collected up to the 31st March, 1904. A refund of the amount collected during the year ending the 31st March proximo will be made in due course, when the authority of Parliament has been obtained.

The adjustment effects a very much-needed settlement of accounts—many of them of long standing—between this Government and the Islands, and I shall be glad to hear that it is satisfactory from the standpoint of your Administration. Now that the Treasury books have been cleared of the older advances, I do not anticipate any difficulty in working on their Advances Account again for the payment of such claims as it may be necessary to satisfy here on behalf of the Islands, and I propose to render accounts to you quarterly for the recovery of all advances.

I have, &c.,

C. H. MILLS.

The Resident Commissioner, Rarotonga.

### Enclosure.

#### THE NEW ZEALAND GOVERNMENT IN ACCOUNT WITH THE GOVERNMENT OF COOK AND OTHER ISLANDS.

	£	s.	d.		£	s.	d.
A. R. Miller, Collector of Customs—				Customs duties collected at Auckland from			
Passage paid to Union Steamship Company	15	12	6	October, 1901, to March 1904*—			
Salary paid, 23rd January to 28th February, 1902	21	10	1	On account of Cook Islands	2,068	14	5
Salary paid, 1st March to 30th June, 1902, four months at £16 13s. 4d.	66	13	4	On account of Niue Island	243	5	10
Schooner "Countess of Ranfurly"—				Schooner "Countess of Ranfurly"—			
First instalment of cost, 1904-5—				Freight on coal to Rarotonga	125	0	0
Cook Islands	301	11	3	Refunded by Cook Islands Government on account of wages paid	120	0	0
Niue Island	201	0	9	Ditto	68	0	0
Wages—				Passage-money, Messrs. Kirk and Boucher, Auckland to Cook Islands†	21	0	0
F. A. Worsley, master, 1st July, 1901 to 23rd January, 1902	36	10	5	Refunded on account of insurance, 1903-4	315	0	0
F. J. Ewing and others (crew), 23rd July, 1901, to 8th February, 1902	83	5	0	Claim for services of vessel in connection with wreck of "Elingamite"†	92	0	0
William Champion, master, travelling-expenses 4th to 10th May, 1904	7	16	6	Refund amount paid on account of Bailey and Lowe	9	19	6
F. A. Worsley, master, November, 1903, to June, 1904 (part)	20	0	0	Refund of amount overpaid to Captain Worsley	39	15	0
F. A. Worsley, master, November, 1903, to June, 1904, balance	93	5	8	Amount contributed by New Zealand Government on account of expenses connected with supply of postage stamps, post-cards, &c., and printing, &c. (Vote 14, Item 36, 1893-4)	52	0	0
William Champion, master, 4th May to 3rd July, 1904	34	0	0				
J. P. Coulson, mate, June, 1904	8	10	0				
J. P. Coulson, mate, July, 1904	8	10	0				
William Champion, master, 4th July to 3rd August, 1904	17	0	0				
Passage-money, Captain Worsley, Auckland to Wellington, 8th June, 1904	1	15	0				
Passage-money, Captain Reid, from Islands to Auckland, July, 1901	12	10	0				
Claim for chain (Lane and Brown), July, 1904, allowed at	9	9	6				
Paid on account, Bailey and Lowe	9	19	6				
Insurance on £2,500, 1902-3	282	11	6				
Insurance on £2,500, 1903-4	282	12	6				
Coal supplied by Westport Coal Company and sent to Rarotonga, July, 1901	134	17	0				
Cost of collecting Customs duties, October, 1901, to March, 1904, £2,312 0s. 3d. at 1½ per cent.	28	18	0				
Printing-press supplied to Rarotonga	45	0	0				
Expenses connected with supply of postage stamps, post-cards, and stationery and printing, &c., September, 1891, to February, 1892	104	13	3				
Expenses connected with investigation of accounts of Cook Islands by Audit officer	75	0	0				
	1,902	11	9				
Balance payable to Cook and other Islands Governments	1,252	3	0				
Total	3,154	14	9	Total	£3,154	14	9

\* Cabinet direction attached.

† Claim attached.