

*Banking Facilities.*

No bank has been established in the islands, all the business being conducted through the Post Office. The principal business houses there have banking accounts in New Zealand. Satisfaction was expressed with the facilities the Post Office afforded.

*Income and Expenditure.*

For the past three years the total income and expenditure of the Group are shown by the official report to be as follows :—

Year ended 31st March, 1917—						£	s.	d.
Income	..	..	..	..	..	9,710	5	8
Expenditure	..	..	..	..	..	8,585	18	7
Balance of income over expenditure						£1,124	7	1
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Year ended 31st March, 1918—						£	s.	d.
Income	..	..	..	..	..	11,068	0	2
Expenditure	..	..	..	..	..	12,614	13	6
Balance of expenditure over income						£1,546	13	4
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Year ended 31st March, 1919—						£	s.	d.
Income	..	..	..	..	..	13,846	17	9
Expenditure	..	..	..	..	..	12,343	10	9
Balance of income over expenditure						£1,503	7	0

In 1918–19 an export tax was instituted of £1 per ton on all copra shipped from the Group, and this produced £1,380.

On their face the above figures show a highly satisfactory state of affairs, especially as a portion of the expenditure might justly be claimed as non-recurring capital expenditure. For instance, over £1,000 was spent in 1917 for the erection of teacher's residence, &c., and water-supply; in 1918 at least £2,500 was spent in instituting an experimental farm, school buildings, and water-supply; in 1919 £2,000 was expended in cool storage, school buildings, motor-truck, &c. These figures, however, cannot give the total expenditure of the Group. No mention, for example, is made of the Resident Commissioner's salary, nor is any reference made to payment of the staff of the nine primary schools which exist in the Group. In his evidence Mr. Platts, Resident Commissioner, makes the following statement: "The average annual expenditure of the Administration is £20,000, including the amount received from New Zealand. New Zealand contributes a regular annual payment of about £7,500 towards the Cook Islands expenditure." We consider that this subsidy, together with every detail of the expenditure, whether in the islands or in New Zealand, should be shown in the accounts annually submitted to the Minister of External Affairs.

We are strongly of opinion that the revenue of the islands should now meet the expenditure, and that taxes should be adjusted accordingly. Copra, which at present bears an export tax of £1 per ton, has advanced in price during a comparatively short period from £17 to £40 per ton on the world's market, and might easily bear a greater proportion than it now does.

While we would not for one moment suggest that New Zealand should aim, as Germany did, at receiving tribute from her dependencies, the time has arrived when steps should be taken to adjust the finances so that the income of the Group may meet the expenditure, and thus lighten the financial burden which has uncomplainingly been carried by the New Zealand taxpayer for the last twenty years.

It is true the Cook-Islanders purchased goods from New Zealand merchants to the value of from £33,056 in 1906 to £70,773 in 1918, but it must be borne in mind that a great proportion of this amount is made up of re-exports, on which all duties that may have been collected in New Zealand are refunded to the Administration.

*Trade.*

So that the outward and inward trade may be seen at a glance we have compiled a complete particularized return for the years 1906, 1910, 1914, and 1918.