

declined to give the advice which the other merchants and importers requested. There is no Customs establishment in the usual sense of the term. The Collector is the only officer. Security against evasion of duty lies in the limited market and therefore small opportunities of selling secretly, in the lightness of the duty, in the almost certainty of detection, and in the heaviness of the fine. The Collector has given latitude to all importers, and the regulations have been liberally construed in all cases. To do otherwise, and, above all, to interfere with the free access to all the islands and parts of islands, which has for so many years prevailed, would render the duty obnoxious to the natives—a result obviously to be avoided.

2. *Incidence of the Import Duty.*—The contention that the import duty is paid “solely by the importers” seems to me scarcely to call for refutation. It is based upon the difficulty of apportioning the 5 per cent. among the articles imported, especially in those of small value. The contention would apply equally to the freight and other charges. I did not see how any examination of books could settle this question. The contention is made the foundation for a claim to representation in the Parliament of the Cook Islands, upon which claim I have reported separately.

3. *Harbours and Roads.*—The “Aus,” or local governing bodies, have always dealt with these, and do so still. The “Federal Government,” and, in its proper sense, even the “Rarotonga Council,” are not yet six months old. They meet in May and June next respectively, and it is impossible to make any change till then, and till the financial result of this, the first year, is known. The import duty of 5 per cent. is the only Federal tax. A small vehicle-tax and small dog-tax are the only local taxes. The vehicle-tax is confined to Avarua District. It yielded for this year only £16 9s., of which a considerable portion was paid by natives and others who do not complain. No house, land, or property taxes of any kind are levied, and the vehicle-tax is only three or four months old. That there should be so much road in good order, as well as that which is undoubtedly in bad order, is, under these circumstances, creditable to the natives. The money for the vehicle-tax is, I find, still in hand, and will be duly expended. The “Courts” to which the complainants refer are maintained entirely from the fines levied upon offenders. The police and the supervision of the prisoners are paid for in the same way. The system is a bad one, but it has existed for nearly seventy years, and a change can only be gradually made. The position of “policeman,” for example, is one much prized by chiefs and others who would resent as an indignity any hasty change whereby a paid inferior was placed in authority over them. The complainants include among them old residents who are well aware of these difficulties. The Rarotonga harbours are only two in the Avarua District, and one at Ngatangia, distant about five miles. There is an anchorage at Arorangi, about five miles from Avarua, in the opposite direction to Ngatangia. These harbours are, and have always been, regarded as the property of the native chiefs owning the land around them. At Avarua they are the property of Queen Makea. Nothing has ever been done—no wharf built nor mooring laid down—without her permission, but she has not till lately obtained any recognised revenue from them. The practice of making irregular presents that prevailed instead, seemed to me objectionable, and when the proposition was made to levy a small sum as a species of royalty on vessels using these moorings I agreed, stipulating only that it should be reduced from the 18s., at first proposed, to 12s., at which it stands. The merchants who complain seek to throw upon the Avarua Au (of which Makea is the head) the responsibility of keeping these moorings in order. For this the small sum now levied is obviously inadequate. The owners of the moorings have always hitherto kept them in order, and Makea has expressed her readiness to give them the assistance of the pilot and his boat’s crew if they should require it. The alarming statement that the moorings are worn out is, I think, a mere figure of speech. In any case it is new. The chains have always been and still are looked after by their owners. The Government has not at present any official competent to the duty, as the complainants well know.

4. *Liquor-tax.*—This will probably yield a surplus of \$500 in excess of the Licensing Office expenditure. It will be the first and the only money at the disposal of the Rarotonga Council when it meets in May next, for there are no rates or taxes levied by the Council. The Council only can dispose of it, and the representatives from other districts, unless local jealousies have become much lessened lately, will probably object to its being all spent in Avarua. Of one thing I am quite sure, that any proposal for local expenditure of any kind emanating from me would be jealously regarded by the natives, and almost certainly represented to them as a proof of partiality by those of the foreign residents who regard the successful working of a native Government with disfavour.

5. *Ignoring the Interests of the Business Community.*—This is another of the exaggerated phrases which are common, and to which one gets accustomed in these isolated islands. The only proofs adduced are the vehicle-tax, before referred to, which is paid by natives and Europeans alike, and the liquor-tax, which the complainants rightly say is paid almost entirely by Europeans and other foreign residents. The reference to these seems to me quite irrelevant; but they add, “Our representative, Mr. J. M. Gelling, has never been called at any of the meetings, though elected by us at your suggestion; and we consider this is the greatest proof of our assertion that our interests have been ignored.” Mr. Gelling was elected by the foreign residents in December last to represent them in the Rarotonga Council. No meetings of that Council have been held without Mr. Gelling having been duly summoned, and his having attended. It is right to add that the complainants, on my pointing this out, replied that the meetings referred to were those of the Federal Parliament—a distinct body, that did not come into existence till six months, nearly, after the election of Mr. Gelling to the Rarotonga Council, and of which he is not a member. In connection with this complaint certain statements are, however, made which call for some notice. They are,—(1.) That “no proper Courthouse is established for the recovery of debts due by traders to us.” Of the gentlemen who sign this complaint Mr. Exham must have forgotten that Judge Tepou, only a short time ago, adjudicated in a case in which his firm (Messrs. Donald and Edenborough) were concerned for \$1,000; Mr. Engelke must have been equally oblivious of a case in which his was concerned for \$650, and Mr. Taylor of one for a sum recovered