

disastrous, for, having cleared off the shade trees, they now find that they cannot grow either coffee or oranges satisfactorily. This is an unfortunate result; but it need not have occurred, and I am still of opinion that a man with a small capital could make something more than a living out of 20 acres of fair Rarotonga land, provided always that he was not above learning the methods employed by the inhabitants of the island.

The worst class among the foreign element are, however, the dissipated adventurers and fugitives from other countries. These men are not only of no benefit to the Federation, but they are also a source of anxiety and expense. At the present moment we have a man who was lately manager for the firm of Donald and Edenborough under detention as a dangerous lunatic, with the result that all the charges incidental to his detention fall upon the Federal Government. The evil will not, I fear, end with this man, for the habits of other residents justify the belief that at no distant date they also will become a charge on the Federation. In this climate a man cannot drink with impunity. I need hardly say that the presence of such men as I have described is not calculated to raise the European in the eyes of the Maori. I must, however, exclude the Germans from this class, for they, as a rule, are industrious, sober men, who attend to their own affairs and give no trouble to the Government under whom they live.

Under present conditions the only islands of the group that are favourably situated for the purposes of trade are Rarotonga and Aitutaki, for they alone are frequently visited by the Union Company's steamer, probably for the reason that these two islands have good boat-passages through the reef, whereas the fertile islands of Mauke, Atiu, and Mangaia have no boat-passages, and are completely out of the ordinary course of trade. Indeed, it may be said that they are at the mercy of the Union Company. This fact has been lately demonstrated in a case heard before the High Court of the Cook Islands, in which it was proved that the company had promised to call at Mangaia for certain cargo, and had thereby induced a merchant to supply a hundred tons, mostly fruit, a very large proportion of which they left on the beach to rot, for the simple reason that after promising to take the cargo they simply neglected to reserve space for the same on board the "Ovalau." Under such circumstances, the only industry left to the three islands is the production of copra, for the only trading schooners now belonging to the group are those owned by Maoris, and they, altogether apart from the uncertainty of the winds, cannot be relied on. I am informed that the firm of Donald and Edenborough are about to employ an oil-engine schooner in the inter-island trade, but this vessel will naturally be used in the interests of the firm, which is equivalent to saying that it will be used against the interests of the inhabitants of the group.

The possible remedy for this unfortunate state of affairs is that the traders and Maoris shall combine to purchase a large oil-engine schooner, that shall not only pay regular visits to the outlying islands, but shall also take occasional cargoes to New Zealand, and, as it is clearly the duty of the Federal Government to see that each island has an opportunity of disposing of its produce in the best possible market, such a schooner might be subsidised.

In an Act passed by the Federal Parliament during last session, an attempt has been made to meet the difficulties attendant on the Chili currency. The Act enacts that, from and after the date on which it shall come into force, the Chili dollar shall be worth only 1s. 6d., and that it shall cease to be a legal tender after the 1st March, 1900. As, however, the Parliament did not provide the means by which the trade of the country could be carried on, the Act had not been put into force, for it was felt that the possible effect would be to drive the trade to Tahiti, where the Chili dollar is readily accepted. There really was no reason why this Act should have been passed, since the Maoris have the matter entirely in their own hands. If they insist upon payment for their produce in British coin they will receive it, and in this way the Chili dollar may be properly excluded. I venture to say that this course will be adopted.

Since my last report certain improvements have been introduced into the law relating to leases of land to foreigners. Every lease must now pass the Board of Arikis, under the presidency of the British Resident, in order that the terms thereof may be ascertained to be equitable to both parties, and, above all, to prevent complications of title arising after the lessee had expended money on the property. To this end it is required that the land shall be surveyed before the lease is finally passed by the Board. This measure cannot fail to have a good effect, since the title is now assured by the Board, and the Government interpreter guarantees that the English translation is in accordance with the Maori deed, an essential that has not always been the case in the past. The Government is fortunate in having a highly-qualified surveyor resident on the island.

The only liability attached to a lease is that under the Rating Act of 1899, whereby land in the possession of foreigners is subject to an annual rate of not exceeding 1s. in the pound on the rental value. All money derived from this source is under the special care of the Resident, whose duty it is to see that the funds are expended in the purchase of material for bridges, &c.

During the past year the old laws of the group have been reduced into form and printed, the result being that there is now practically one law for the whole Federation, excepting only in the matter of the sale of spirituous liquors. Absolute prohibition is now the law in Mauke, Mitiaro, Atiu, Mangaia, and Aitutaki; but at the last-named island this salutary rule was not secured without a struggle, for the Aitutakians, who have always been the most dissipated and troublesome men of the group, were resolved to legalise the sale of liquor on that island, and might have succeeded but for the aid given by the resident missionary, Mr. Lawrence. As it was, a local-option poll was held, and a majority secured against any form of liquor being sold on the island.

In Rarotonga the Maoris are now prohibited from obtaining intoxicating drinks, but Europeans have still the right to purchase a quantity not exceeding three bottles of spirits per week. The late increase in the duty on spirits, from 10 per cent. *ad valorem* to 12s. per proof gallon, has, however, limited the consumption, by increasing the price nearly 2s. per bottle.

Concerning the health of the native population of the group, I can only say that it has