

five thousand nuts per diem; that is a ton of copra per day. These two islands have, however, taken their own destinies in hand, and will succeed if they can find but one honest man among them. Hitherto they have had to pay extravagant prices for everything they used, so that their copra did not at any time realise sufficient to enable them to buy food and clothing. They now intend to use the Government schooner, and export all their copra to Rarotonga (the best market), and there buy goods for cash in what is also the cheapest market in the Pacific. By this means they get rid of the middleman, and do their own retailing as a co-operative society. They realise that they can, in this way, keep down prices and largely benefit the islands by consuming more flour, rice, and sugar, and less cocoanut. These people have on several occasions sought my advice and assistance in this matter, and I have told them that success was certain if they could only find a reliable manager.

THE QUESTION OF LABOUR.

The development of the British islands to the north of Penrhyn must necessarily be of interest to this Group, if only from the fact that our three northern islands have hitherto supplied the labour for both planting and pearl-diving. Christmas Island will alone require nearly two hundred men to develop it properly, and there are also Flint and Suvarrow to be worked. From present appearances we shall shortly be unable to supply labour for these islands, for the requirements of the Cook Group will take every man we can spare from the north. Under these circumstances we may anticipate that the Levers Company will probably bring labour for Flint and Christmas Islands from the Solomon Group.

At Aitutaki but little harm is done by the fifty men working at Malden, for they are for the most part young men who would be a nuisance to their friends if left on their own island, but are a source of profit when sent to Malden, since it is they who supply the iron and timber for the Aitutaki houses. Under any circumstances they are British subjects, and if they choose to go away and work I know of no power that could legally stop them.

PUBLIC HEALTH.

The public health of these islands is not good. The constitutions of the people are bad, and their habits are not conducive to longevity. The beer-tubs, superstition, immorality, and the visits of the "John Williams" all aid in the destruction of the race. It would seem to be advisable in the interests of these islands to stop the useless loss of life which is the result of sending Native missionaries to New Guinea. There are causes now in action tending towards the destruction of the Polynesian race which we are powerless to arrest, but we might at any rate prevent the very great loss of life which is the natural consequence of sending men of little vitality and half fed to die in the malarious swamps of New Guinea—men who during the last two years appear to have become dissatisfied with their work, for I have on two occasions received requests from men actually engaged in the work, asking that I would prevent their friends joining in the New Guinea work, and giving reasons that I need not here disclose.

In 1843 the population of Rarotonga was 3,300, and in that year there were 450 deaths, as against 100 births—a result that will show conclusively that at that date neither drink nor immorality could have been factors in this decrease, for at that time the members of the mission were the only Europeans in the island, and there was no drink. At the present day the population of Rarotongan descent cannot exceed fourteen hundred. I have said that superstition has been a motive power in the destruction of the people. They believe strongly in evil spirits, who are said to take possession of the living, and to get rid of this evil thing the *tohungas* adopt measures of rubbing or pressure which would seem to kill more surely than the devil which they wish to eject. I have not yet heard of any patient who has recovered from the treatment of a *tohunga*. The Native of Rarotonga is one of the most superstitious of men. Only a few weeks since a man was brought before the High Court charged with having opened a grave and poured kerosene on the coffin and set fire to it. He pleaded guilty, and said he had done this out of respect for the people of Arorangi, whom he wished to save from the evil spirit within the coffin.

My reference to the "John Williams" also requires explanation. The Natives believe that after each visit of this vessel there is an outbreak of disease more or less serious, and it appears to me that there is a certain amount of truth in this; indeed there is reason why it should be so. Not only does this vessel bring many sick people from New Guinea and other places, but she also lies for some time near the wharf and slums of Sydney, and as all of her sailors are more or less traders, much second-hand clothing is brought to this Group, and hence perhaps the peculiar forms of influenza that appear after the visits of the mission steamer.

THE FINANCIAL POSITION.

The financial position of this Administration could hardly be more favourable than it is now. From my first arrival in the Group I have seen the urgent necessity for a large reserve fund, which would enable the Administration to meet any sudden demands consequent on the cyclones to which we are occasionally liable. About the years 1830, 1844, and 1862 these islands were laid waste by cyclones similar to that which has laid waste the Paumotu Group and devastated Tahiti. These disturbances occur, fortunately, at long intervals; but that which has happened will happen again, and hence my desire to keep in hand a reserve fund of at least £5,000.

To this position we have now attained. By Return D, attached hereto, it will be seen that our expenditure for the year amounted to £5,505 10s. 11d., and our revenue to £7,157 1s., leaving a balance in the Treasury of £1,651 10s. 1d., to which must be added the surplus in hand on the 31st March, 1905, and the outstanding fees of Survey and Land Title Court Departments, viz.,—