

MANGAIA.

In this island there are two parties. The people generally support Mr. Large and the Council, but a powerful minority, including most of the chiefs, support John Ariki. It is unfortunate that this misunderstanding should exist, for the simple reason that there has never been any necessity for it, but so far it has only interfered with the gratuitous work given by the island in aid of the reef-channel.

In other respects the condition of the island is satisfactory. The cases heard and punished by the Island Court are 344 in number, and include the following characteristic Polynesian offences: Brewing or drinking bush beer, 102; adultery, 30; illegal cohabitation, 51; assault with intent, 6; wife-beating, 11; larceny, 9; wilful destruction of property, 11.

The revenue collected on the island during the financial year has been—Court fees and fines, £70 5s. 3d.; Customs, £75 13s. 5d.; trade licenses, £78; stamps, £20 15s.

RAROTONGA.

I enclose a report by Mr. Blaine, Registrar of the High Court (marked B), showing the number of cases dealt with by the High Court in its civil and criminal jurisdiction. From this return it will be seen that, though the partial prohibition in force in these Islands may have done much towards enforcing sobriety among Europeans, it has failed to affect the Native inhabitants. I have never believed that the Natives were large consumers of imported liquor, but that they manage to attain the same results by means of orange, banana, and pineapple beer is obvious, for no less than 324 have been punished for this offence during the year, and it is safe to say that twice that number ought to have been punished but have escaped by the assistance of their friends.

The appointment of a European as Chief Constable will, I hope, do much towards the detection of bush-beer makers, but to put a stop to it altogether is impossible. He will, however, put a stop to the smuggling of cheap rum made in Tahiti.

I may point out that the appointment of a Chief Constable had become an absolute necessity, for by him only could the prisoners who elect to work out their sentences be profitably employed. In effect, he will be not only Chief Constable, but also Tidewaiter and Foreman of Public Works.

During the past year I have to report the death of Ariki Tinomana Mereana, the direct descendant of the ancestor Arikis Tangiia, Pa, and Karika. This is the fourth Ariki who has died on this island during my residence—viz., Ngamaru, Karika Tavake, Pa Maretu, and Tinomana.

REVENUE AND EXPENDITURE.

I have the honour to report that the financial position of this Administration is most favourable, and the returns disclose a steadily progressive surplus for the last ten years.

The total expenditure for the year ending 31st March, 1909, amounts to £5,718 3s. 7d. (Return C), as against £6,189 14s. 1d. for the previous year. The revenue has, however, reached the satisfactory sum of £7,146 9s. 1d. (Return D), an increase of £797 3s. over the year 1908.

The cash surplus shown for the year 1907–8 was £3,583 12s. 10d., but this year it has risen to the very respectable sum of £5,011 18s. 4d., to which must be added the outstanding fees of the Land Titles Court, £1,549 3s.—a total of £6,561 1s. 4d.

The estimated ordinary expenditure for the ensuing year (Return E), is £4,573 15s., and the public-works estimate (Return F) £2,310; in all, £6,883 15s. These estimates of expenditure are larger than usual, but I am of opinion that they can be met easily out of the ordinary revenue.

IMPORTS AND EXPORTS.

In each succeeding report for the last nine years I have been able to point out the steady and satisfactory progress of our trade, and on this occasion I have to report the same progress, as disclosed by the following comparative table:—

Year.	Value of Exports.	Value of Imports.
	£	£
1907	51,578	50,756
1908	60,652	55,021

These figures require no comment, but they will account for the very satisfactory state of the finances of the Group and for the general well-being of the people.

It has taken many years to impress upon the Native inhabitants of this most fertile island that spasmodic spells of work were not sufficient to develop its resources, and that it was incumbent on them to devote themselves to a special line of produce suitable to the land they held, and give that line continuous attention. Some of the most energetic among the Native landowners realise the truth of this European view of work, and in their own Polynesian way are doing a good deal; but the lesson has by no means been universally learned. This much may, however, be said: that the Natives of Rarotonga will now work on their own plantations rather than for others, and are in many cases employers of labour.

The past year has been one of incessant rain, and hence unfavourable for the production of fruit other than the banana. I submit a table of the rainfall for the three chief islands, which will show that no less than 116 in. of rain fell on each extremity of Rarotonga, as against an average of 74½ in. for the previous ten years.