

for two years; but the Parliament showed such an intelligent grasp of its duties, so earnest a desire to master the work, and so much moderation in speech and action, that I advised the Government to hand over at once to the Parliament the appropriation of the revenue. An amendment of the Provisional Powers Act was accordingly submitted to Parliament, and passed unanimously. The Parliament is now in full possession of its powers, and its authority has been enhanced materially.

2. The Chairman having been elected, waited upon Makea, Chief of the Government, who handed him the enclosed report of what had been done during the recess, and of the measures which the Government thought it desirable to bring before Parliament. The report had been adopted the day before at a Council of the Arikis (the Government), after sharp discussion as to the propriety of sending such a paper at all. Some of the elder Arikis held that the Parliament, consisting of their inferiors in rank, should come to them and ask what the Arikis wished them to do. The dissentients finally gave way; and a precedent was thus established which will save difficulty on other occasions. The report was well received by the Parliament when read by the Chairman.

3. Deep-rooted and ancient rivalry existed between the different islands, and had given me much trouble at various times, and some anxiety lest it should interfere with the work of Parliament. I am happy to be able to report to your Excellency that these rivalries have been so softened by the friendly intercourse between members at this and the previous session as to have practically disappeared. Among the Arikis, old personal jealousies, especially of precedence, have much decreased, but are still cherished by two or three in full force. The Arikis—to use their own phrase—regard their position as “God-given.” They trace their descent from the old heathen gods, and in some of the islands their power has long been supreme. It was right to them, and necessary to the peaceful working of the Federation, that they should be treated with the fullest respect and consideration. That this has been done they recognise and fully appreciate. But dissension speedily arose as to the continuance of Makea as Chief of the Federal Government, and cognate matters. The occasion was critical for the future success of the Federation, and the power of the Parliament depended on these dissensions being overcome.

Happily the members from the Islands of Aitutaki and Mangaia have been accustomed to exercise more personal independence, and the Arikis of Atiu, Mitiaro, and Mauke were strong supporters of Makea. The opposition dwindled to the two remaining Arikis of Arorangi and Takitumu, districts in the Island of Rarotonga, adjacent to Makea's district of Avarua. But the great difficulty remained, that, according to custom from time immemorial, the dissent of any powerful Ariki was sufficient to prevent action and paralyse the whole body. Arorangi and Takitumu were imperative in their demands that the Chieftainship of the Federal Government should go round yearly amongst the Arikis in rotation of rank; that the Parliament should meet in each district; that the Judgeship of the Federal Court, the Clerkship of Parliament, and all offices, should go round to each district in turn; and, finally, that there should be three post-offices, and three sets of stamps, each with the likeness of the ruling Ariki upon it.

4. My advice was sought in this dilemma, and I had no hesitation in urging them to adopt the principle of ruling by the majority in Parliament, as the only means of effective action. It was a new idea to the members; but they adopted it after careful consideration, and applied the rule in all subsequent proceedings. The result was the adoption (by ten to two) of a national flag, of a new postage-stamp with the likeness of Makea, Ariki, upon it, and an appropriation to build a Parliament-house, suitable to their modest requirements, at Avarua, which settles the place for future meetings of Parliament and the seat of the Federal Government. The member for Arorangi seceded, by command of his Ariki, after the above measures were passed; but the Parliament proceeded quietly with its work and took no notice of this secession. The Ariki for Takitumu, seeing this, did not proceed to the same extremes, and I have little doubt that the member for Arorangi will be very glad to return next session.

5. I trust that Your Excellency will not consider the narration of these difficulties unnecessary, as they have been of real importance here, and offered an easy field for intrigue to those of the foreign residents who do not wish to see the Native Government succeed, as well as giving them the means of causing me occasionally considerable trouble and anxiety. The majority-rule has settled many of these difficulties, and will gradually find its way into the local Councils in the several islands. There it may be well left to take its course. Their action is comparatively unimportant; but upon the action of the Parliament the success of the Federal Government depends.

6. I enclose the following documents for your Excellency's information. They have also been sent, with Maori translations, to the Hon. the Colonial Secretary in Wellington, with a request that he will kindly have them, and others sent with them, printed and returned for circulation as early as possible, for there is no means of getting printing done at present in these islands:—

1. “Provisional Powers Act 1891 Amendment Act, 1892.”
2. Act for Registration of Births, Deaths, and Marriages.
3. For punishing certain Criminals by Banishment to Takutea.
4. To regulate and limit Unauthorised Expenditure.
5. “The Appropriation Act, 1892–93.”
6. “The Subsidies Act, 1892.”
7. Resolution respecting new Postage Stamps.
8. Statement of Revenue, 1891–92.
9. Statement of Expenditure, 1891–92.
10. Imports for Year ending 30th June.
11. Exports of Cook Island Produce, 30th June.
12. External Trade, 30th June.
13. Return of Shipping.

With reference to these enclosures, I beg leave to point out the provision in the Appropriation Act for the non-payment of the fixed annual subsidies of \$1,200 till the end of the year. I