

The great want of the Island of Aitutaki has hitherto been the want of running or fresh water, and this fact we have of late attempted to remedy by building tanks, and have expended some £200 in this way, but at least another £200 will be required for the same purpose before we can hope to cure the unpleasant skin-diseases of this island, an ailment that will disappear when the Polynesian, who is naturally cleanly, is provided with fresh water. While on this subject I may mention that a splendid water-supply from the mountains has been laid on to the Villages of Avarua and Avatiu, and 120 houses connected therewith, to the great benefit of the people.

The craving for strong drink, which would seem to be a Polynesian characteristic, has been exhibited in a very singular manner during the year. The people would seem to have become dissatisfied with the ordinary bush beer, whether made from the orange, banana, or pine-apple, and were fast becoming confirmed drinkers of scent. I suspect that a special brand of scent has been manufactured for their benefit, otherwise I find it difficult to account for the wholesale consumption of florida water, Bay rum, and other abominations of the same nature, which was disclosed by the fact that one firm imported 288 11 oz. bottles by one trip of the steamer, it being well known that a Native does not require bay rum for his hair. Previous to the arrival of this shipment my attention had been called to the increasing import of scents and hair-wash, and the matter was referred to New Zealand, with the result that an Order in Council has been issued restricting this infamous traffic.

In conclusion, I may say that though the Government can do but little towards improving the health of the islands, other than is now being done by the conservation or distribution of pure water, yet my suggestion that another doctor should be stationed for a month at a time on the outlying islands during six months in each year may be worthy of consideration. The residence of a medical officer on these outlying islands would help to break in the people to the European mode of treating disease. So far as can be ascertained, the leprosy of the Northern Islands is not increasing, but a closer knowledge and inspection by a medical man who is not in a hurry to leave may disclose that there is more of this disease than we have now reason to suspect. My remark that the Natives of Rarotonga will not call in the present Medical Officer in serious cases until the patient is beyond all treatment must not be misunderstood; they do not reflect on that officer's professional attainments: the Natives simply do not like his manner, and take this method of showing their feelings.

THE GOVERNMENT SCHOONER.

I have the honour to submit herewith the balance-sheet of the working account of the schooner "Countess of Ranfurly":—

<i>Receipts.</i>			<i>Expenditure.</i>		
	£	s. d.		£	s. d.
Freights	439	16 6	Wages	536	17 2
Passengers fares	167	13 0	Provisions	213	12 7
Special charters	403	0 0	Outfit and repairs	198	3 3
			Miscellaneous	162	9 7
			Benzine	147	10 0
			Office-expenses	65	7 4
			Claims	10	18 1
			Bad debts	1	3 7
Loss	1,010	9 6			
	325	12 1			
	£1,336	1 7		£1,336	1 7

As this vessel was sold and delivery given by the Government of New Zealand on the 28th October, 1907, there is no need to compare her earnings or expenditure for the past year with those of previous years.

The loss on the working of the schooner for the past year is shown above. It is not a serious amount, but it is undoubtedly a relief to the local Administration to be free from the annual loss. At the same time, had we met with the support that might have been accorded to us, I should never have recommended the sale of the schooner; but as it is, it will be as well that certain trading firms should realise to the full what the loss of the only independent trading boat will mean to them. We have now reverted to the old monopoly, a condition of affairs that cannot be allowed to continue for any length of time, and must eventually result in a subsidised steamer. The oil-engine is an absolute and expensive fraud, except when loading cargo on the edge of a reef.

The item "Miscellaneous expenditure" includes the fares of the Native crew from Auckland to the Cook Island and claims for breach of contract, the agent having engaged that the schooner should return again to the islands, a contract that was broken by the sale of the boat.

EDUCATION.

I am unable to recommend that the Government of New Zealand should take any part in the education of the Native children. The local Government can afford to do all that is necessary outside the efforts of the several denominations. I have, moreover, ascertained from the Mission that Mr. Hall, late master of Tereora, is returning to that school, and, as he is a man eminently capable and believed in by the Natives, we shall have an advanced educational establishment equal