

Of the Europeans, nearly all—about one hundred and fifty—reside at Rarotonga, where there are twelve engaged in planting and fourteen in commercial pursuits. With their families they number about a hundred persons. The remainder of the European population is chiefly made up of officers and others connected with the Administration and their families. We are never likely to have a very much larger settled white population, although Rarotonga must some day become a great winter resort for New-Zealanders.

It is increasingly difficult for intending settlers to lease land, every acre of which belongs to the Natives. The sale of Native lands is prohibited. There is no opening for white labour, and for successful planting capital is necessary.

Rarotonga has a Native population of 2,900.

A system of registration of births, deaths, and marriages is now in operation throughout the Group.

EDUCATION.

In Rarotonga we have two Native schools, one at Arorangi with 148 scholars, the other at Ngatangia with 194 scholars. A third school will shortly be built on a site generously presented to the Government by the chiefs and people of Avarua.

At Aitutaki (population 1,290), the island next in importance to Rarotonga, there is a large school at which 270 children are taught by Native teachers. At Palmerston Island a small school was opened last year.

The Administration intends as soon as possible to establish a school in each of the other islands of the Group. In the meantime the London Missionary Society is very considerably carrying on its schools in the outlying islands until we are in the position to take them over. The teaching of English, with reading, writing, and arithmetic, up to the requirements of the Fourth Standard, and a practical training in agriculture, woodwork, &c., is the present aim of our educational department.

To overcome the great difficulty of obtaining the necessary teachers for the smaller islands Native pupil-teachers are now being trained at Rarotonga.

Technical Education.—As 90 per cent of the Native boys are destined to become planters, the formation of an agricultural class was our first step in technical education. This class was opened last year under Mr. E. A. Reid. Its success has encouraged us to a further advance. A class for instruction in woodwork and manual training under Mr. W. C. Smith has just been established. A girls' class to teach home science is being arranged.

Scholarships.—Two places at St. Stephen's School, Auckland, for boys from these Islands are to be offered for competition this year. The provision of other similar scholarships, to be held at some of the institutions in New Zealand that provide higher education for Maori boys and girls, and of industrial scholarships by means of assisted apprenticeships in New Zealand (with attendance at a technical college) for boys who have passed through our technical school, is under consideration.

It is satisfactory to note the real appreciation by the Natives of the educational advantages offered to their children.

TRADE.

The figures relating to the trade of the Islands for the past year, shown in the comprehensive report of the Treasurer attached hereto, are quite satisfactory.

In the copra industry there was an increased output for better prices. At the Northern Islands, from which the bulk of it comes, the coconut crop is more promising than it has been for years, 1,120 tons of copra, valued at £28,000, were exported during the year. It is estimated that there will be a much larger harvest this year.

In round numbers, 94,000 cases of oranges (value, £16,000), 43,000 cases of bananas (£12,000), and 36,000 cases of tomatoes (£5,000) were shipped to New Zealand. Seven-eighths of all this fruit and produce, approximately worth £28,000, was grown by Native planters.

The fruit-export trade is capable of enormous expansion. In order to secure a steady increase in these products, and so to prepare for the expansion of trade coming after the war, we have passed an Ordinance requiring all Native planters to clear and plant their uncultivated lands. Inspectors have been appointed to see that the requirements of this Planting Ordinance are duly carried out. A similar Ordinance has been enacted at Aitutaki, and like measures will be placed before other Island Councils.

As much loss has resulted from the bad carrying-qualities of the Island orange and its susceptibility to fly and other blights, the question of obtaining the services of an expert, probably from Florida, U.S.A. (where an orange similar to the Island orange is grown), to report on the fruit industry of these Islands, and to advise as to the best methods of orange cultivation, packing, transport, and marketing, is under consideration.

Provided our present steamer communication with New Zealand be not curtailed, our trade prospects for the year are excellent. Mr. Reid, our Chief Fruit Inspector, estimates the new season's crop at 200,000 cases.

REVENUE AND TAXATION.

We are quite financial. The year began with a credit balance of £1,684; we close with a balance in hand of £2,808.

Apart from Customs duties, which are practically the same as those of New Zealand, our people sit practically tax-free. Not even the war has altered this unique position amongst British communities.

In Rarotonga there is a small rate of 6d. in the pound on the annual letting-value of leasehold properties. This falls almost entirely upon the European residents. It averages less than £1 per head of the ratepayers.