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CHAPTER XI.

THE TERRITORIES OF AUSTRALIA.

GENERAL.

The Territories under the control of Australia are: The Northern Territory; the Australian Capital Territory; Papua (formerly British New Guinea); Norfolk Island; the Territory of New Guinea (by Mandate of the League of Nations); Nauru (under joint Mandate of the Commonwealth, Great Britain and New Zealand); the Territory of Ashmore and Cartier Islands; and the Australian Antarctic Territory.

The results of the census of the Territories at 30th June, 1933, may be found in the separate Census bulletins and parts published by this Bureau.

In each of the external Territories Australian currency is used. In the Territory of New Guinea, however, Australian coins are being replaced by local coins consisting of silver shillings, cupro-nickel sixpences and threepences, and bronze pennies.

THE NORTHERN TERRITORY.

§ 1. Area and Population.

1. *Introductory.*—Upon the extension of New South Wales westward to the 129th meridian in 1825, the Northern Territory was incorporated in that colony, but in 1863 was annexed by Royal Letters Patent to the province of South Australia. With the adjacent islands it was transferred to the Commonwealth on 1st January, 1911. The total area is 523,620 square miles, or 335,116,800 acres.

2. *Population.*—(i) *Europeans.* At the census taken in 1881 there were only 670 Europeans in the Territory. The number increased slowly, reaching its maximum in 1918 with 3,767 persons. At the census of 1933 the white population had decreased to 3,306. This number, however, was 34.5 per cent. greater than the figure at the census of 1921.

(ii) *Non-Europeans.* The number of full-blood non-Europeans, excluding Australian aboriginals, in the Northern Territory on 30th June, 1933, was 744, of whom 462 were Chinese, the remainder being mainly Filipinos (69), Japanese (91), and Malays (59). There were at one time over 4,000 Chinese in the Territory.

The half-caste population recorded at the census of 1933 numbered 800 of whom 743 were half-caste Australian aboriginals.

(iii) *Total Population.* The estimated population at 31st December in each of the last five years is given in the following table:—

NORTHERN TERRITORY: POPULATION (EXCLUSIVE OF ABORIGINALS).

Year.			Males.	Females.	Total.
1936	..	..	3,566	1,709	5,305
1937	..	..	3,641	1,713	5,354
1938	..	..	3,825	1,820	5,645
1939	..	..	5,117	2,070	7,187
1940	..	..	6,308	2,544	8,852

The Census population (30th June, 1933) was 3,378 males, 1,472 females, total 4,850.

(iv) *Movement of Population.* The following is a summary of the movement of population in 1940 (excluding road migration) :—

NORTHERN TERRITORY : MOVEMENT OF POPULATION. 1940.

Arrivals ..	6,246	Departures ..	4,668	Excess of arrivals over departures	1,578
Births ..	173	Deaths	86	Excess of births over deaths ..	87
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Increase ..	6,419	Decrease ..	4,754	Net Increase ..	1,665

The migration figures for the Territory during the five years ended 1940 are shown in the following table :—

NORTHERN TERRITORY : MIGRATION.

Year.					Arrivals.	Departures.
1936 ..	..	..	..	..	1,429	1,268
1937 ..	..	..	..	..	1,733	1,720
1938 ..	..	..	..	..	2,601	2,343
1939 ..	..	..	..	..	4,190	2,698
1940 ..	..	..	..	..	6,246	4,668

(v) *The Aborigines.* A special article contributed by Dr. W. Ramsay-Smith on the subject of the Australian aborigines was incorporated in Official Year Book No. 3 (p. 158). The Chapter "Population", in Official Year Book No. 17, contained information regarding the number and distribution of aborigines and the measures taken by the States (in the case of the Northern Territory, by the Commonwealth) to protect them and to conserve their interests. Large numbers of the aborigines in the Territory are still outside the influence of Europeans. The total number of full-blood and half-caste aborigines at 30th June, 1940, was estimated at 14,803, of whom 3,213 were in regular employment. There are fifteen "aboriginal" reserves, comprising an area of 67,244 square miles. (See also Chapter XII. "Population").

§ 2. Legislation and Administration.

On 1st January, 1911, the Territory was transferred by South Australia to the Commonwealth. The terms are outlined in Official Year Book No. 15, p. 940. By the Northern Australia Act 1926, the Territory was divided into two parts, Central Australia and North Australia, separated by the 20th parallel of south latitude, each administered by a Government Resident. In addition, Advisory Councils and a Development Commission were provided for. The Act of 1926 was repealed by the Northern Territory (Administration) Act 1931. The administration of the Territory was placed in the hands of an Administrator, residing at Darwin, assisted by a Deputy Administrator, residing at Stuart (Alice Springs). The designation of the latter office was later changed to that of District Officer. The Governor General is empowered to make ordinances having the force of law in and in relation to the Territory, subject to disallowance by either House of the Commonwealth Parliament. The Territory elects a member to the House of Representatives, who may take part in debates, but may not vote, except on a motion for the disallowance of any ordinance of the Northern Territory or on any amendment of any such motion.

§ 3. Physiography.

1. **Tropical Nature of the Country.**—The Territory is within the torrid zone, with the exception of a strip $2\frac{1}{2}$ degrees wide which lies south of the Tropic of Capricorn.

2. **Contour and Physical Characteristics.**—The low flat coast-line seldom reaches a height of 100 feet. Sandy beaches and mud flats, thickly fringed with mangroves, prevail. Sandstone, marl and ironstone form the occasional cliffy headlands. The sea frontage of more than 1,000 miles is indented by bays and inlets and intersected by numerous rivers, many of which are navigable for considerable distances from their estuaries.

The principal features of the coast-line are enumerated in Official Year Book No. 1, p. 66; the rivers in No. 2, p. 76; the mountains in No. 3, p. 67; the lakes in No. 4, pp. 77, 78; the islands in No. 5, pp. 71, 72; and the mineral springs in No. 6, p. 65.

Inland, the country generally is destitute of conspicuous landmarks. From the coast there is a general rise southwards to the vicinity of the 17th or 18th parallel of south latitude, where the higher lands form the watershed between the rivers that flow northwards to the sea and those that form the scanty supply of the interior systems. Towards the centre of the continent the land over a wide area is of considerable elevation, and there are several mountain ranges, generally with an east and west trend.

§ 4. Climate, Fauna and Flora.

1. **The Seasons.**—There are two main climatic divisions—the wet season, November to April, and the dry season, May to October, with uniform and regular changes of weather. Nearly the whole of the rainfall occurs in the summer months. Fuller particulars appear in Official Year Book No. 6, p. 1116.

2. **Fauna.**—The ordinary types of native Australian fauna inhabit the Territory. As elsewhere on the continent, the higher *Theria* are rare, but marsupials, birds, crocodiles, fresh-water tortoises, snakes (mostly non-venomous) and frogs abound. There are many varieties of freshwater fish and littoral mollusca. Butterflies and beetles are strongly represented. The white ant is a pest, anthills in the Territory sometimes attaining great dimensions. Mosquitoes and sandflies are very troublesome, particularly in the wet season. Native fauna are in some cases protected. Buffalo formerly existed in large herds, but their number has been greatly reduced by indiscriminate shooting.

3. **Flora.**—The vegetation is North Australian in type, but a number of the forms belong to the Malayan and Oceanic regions. The timber trees are not of great commercial value, but in the coastal regions tropical vegetation grows luxuriously to the water's edge. On the wide expanses of plain country in the interior there is little vegetation, the principal orders represented being:—*Euphorbiaceae*, *Compositae*, *Convolvulaceae*, *Rubiaceae*, *Goodeniaceae*, *Leguminosae*, *Urticaceae*.

Fuller particulars regarding fauna and flora are given in Official Year Book No. 6, pp. 1116-7.

§ 5. Production.

1. **Area.**—At 30th June, 1940, there were 209,686 square miles held under lease, licence and permit in the Northern Territory, comprising 160,934 square miles of pastoral leases, 696 square miles of pastoral permits, 45,061 square miles of grazing licences, 118 square miles of agricultural leases and 2,877 square miles of miscellaneous leases.

2. **Agriculture.**—Up to the present agriculture has made little progress in the Territory, although it has been proved that rice, tobacco, coco-nuts, mangoes, bananas, cotton, various fodder plants, and peanuts can be successfully grown. Expense of harvesting is, at present, an obstacle to the economic production of rice, and until labour-saving machinery is procured it cannot be produced with profit. There is a large stretch of first-class coco-nut land on the coast, but hitherto planting has not been attempted on a commercial scale. For the encouragement of primary production a Primary Producers' Board was established in 1931. There was little activity in agriculture during 1939-40 and the outlook is not hopeful. It is hardly practicable to develop agricultural production in the sub-tropical district around Darwin, and the history of efforts in this connexion is one of almost complete failure. Last season's crop of peanuts amounted to only 56,000 lb. from 80 acres, and many growers have left their holdings.

3. **Pastoral Industry.**—The pastoral possibilities of certain parts of the Northern Territory were recognized at an early date, and in 1866 stock was brought into the Macdonnell Range country from South Australia. Six years later cattle were moved from Queensland to the northern parts of the Territory, and in 1879 Giles reached the Katherine River with 2,000 head of cattle and 12,000 sheep from South Australia. For various reasons sheep-raising did not succeed. The cattle industry progressed and became the mainstay of the Territory, a great impetus being given to it in 1917 by the opening of extensive meat works at Darwin. Unfortunately the works closed down in 1920, and are still idle. The number of cattle exported by land from the Northern Territory during 1939-40 was about 98,400. In the southern portion of the Territory, the rainfall was above the average and was evenly distributed throughout the year, and a favorable season was again experienced. In the north, seasonal conditions varied considerably, while in the Darwin and Gulf District conditions were unfavorable and the late rains found the cattle in poor condition.

The estimated number of live stock in the Territory in the last five years is given in the table hereunder :—

NORTHERN TERRITORY : LIVE STOCK.

Year.	Horses.	Cattle.	Sheep.	Pigs.	Goats.	Camels.	Donkeys.	Mules.
1935 ..	35,152	900,535	25,483	555	20,455	298	1,056	512
1936 ..	31,056	855,398	11,162	470	17,306	310	1,503	530
1937 ..	31,662	891,640	26,856	388	17,894	311	1,301	404
1938 ..	33,191	899,472	29,901	355	19,427	162	1,323	443
1939 ..	32,721	922,581	38,587	483	20,335	331	1,443	366

4. **Mining.**—(i) *General.* Alluvial gold-digging in the Northern Territory commenced in 1869, and up to the end of 1880 gold to the value of £79,022 had been produced. In 1881 the gold production reached its maximum, the value for that year being £111,945. During the following years it fluctuated considerably, but as long as the alluvial deposits lasted the output was satisfactory. In the transition period from alluvial to reef mining the industry declined considerably. The production of metals other than gold has suffered on account of the vagaries of prices, and the high cost of transport and of white labour. Owing to the exceptionally high price the search for gold has been stimulated in recent years and production has increased annually. The principal producer of gold is the Tennant Creek field which gives every indication of increasing production for a number of years. Although the mica deposits in the Territory are not exploited systematically or on a large scale, a number of men have been engaged in this class of mining and during 1938 produced £20,000 worth of mica. Production of wolfram concentrates increased during the year but owing to prices falling the value of the output was reduced.

(ii) *Mineral Production.* The following table shows the value of mineral production for the five years ended 1938. Later particulars are not available for publication.

NORTHERN TERRITORY : MINERAL PRODUCTION.

Year.	Gold.	Tin Ore.	Silver-lead Ore.	Copper Ore.	Mica.	Wolfram.	Tantalite.	Total Value all Minerals.
	£	£	£	£	£	£	£	£
1934-35 ..	44,458	6,036	..	..	15,762	10,380	264	76,900
1935-36 ..	76,001	4,176	..	1,871	7,805	8,748	..	98,601
1936-37 ..	91,543	7,696	..	101	11,003	16,349	226	126,918
1937 ..	100,462	7,205	328	55	12,524	84,832	445	205,851
1938 ..	109,168	3,205	..	4,362	19,712	78,277	..	214,724

The value of all minerals produced to the end of 1939 was approximately £4,453,000.

In 1934 the Governments of the Commonwealth and the States of Queensland and Western Australia agreed to co-operate in the conduct of a geological and geophysical survey of certain areas in the northern parts of Australia, including the Northern Territory. More detailed reference to the survey and its progress will be found in Chapter XV. "Mineral Industry".

5. *Pearl, Bêche-de-Mer, and Other Fisheries.*—In 1884 mother-of-pearl-shell was discovered in the harbour of Port Darwin. Difficulty in working, principally through heavy tides and muddy water, retarded the development of the industry for many years. The production of pearl-shell has declined rapidly over the past three years. The production for 1939-40 amounted to only 179 tons, valued at £14,350, compared with 804 tons, £67,000, in 1937-38 and 410 tons, £31,500, in 1938-39. The depleted condition of the known beds and the depressed market were responsible for fewer Japanese vessels competing with local vessels during the year.

Three fishing licences and two boat licences were issued during 1938-39 in connexion with bêche-de-mer fisheries. Prices were not remunerative, however, and the production was valued at only £252.

Darwin continues to provide a firm and ready local market for fish. The lack of suitable refrigerating plants on the fishing-boats is responsible for the deficiency of regular supplies of fish except in limited quantities obtained from traps close to the town.

No raw salt was produced during the year as the stocks carried over from the previous year were sufficient to meet the local demand.

§ 6 Land Tenure.

A description of the system of land tenure in force in the Territory will be found in Chapter V. "Land Tenure and Settlement", Official Year Book No. 22.

§ 7. Commerce, Shipping and Air Services.

1. *Trade.*—No record is kept of the trade between the States and Territories. The value of the direct oversea imports and exports for 1901 and for the years 1934-35 to 1938-39 is given hereunder. Later particulars are not available for publication:—

NORTHERN TERRITORY : OVERSEA IMPORTS AND EXPORTS.

Items.	1901.	1934-35.	1935-36.	1936-37.	1937-38.	1938-39.
	£	£	£	£	£	£
Imports (a) ..	37,539	39,870	13,221	58,120	44,703	29,406
Exports (b) ..	29,191	27,411	42,330	26,645	6,053	12,729

(a) British currency values.

(b) Australian currency values.

2. **Shipping.**—The Territory is dependent for its shipping facilities chiefly on the services of vessels trading between Melbourne and Singapore. In addition to pearlers and other small craft, larger vessels make occasional visits, while a sixty-days' service between Fremantle and Darwin is carried out by the *Koolinda*, belonging to the Western Australian State Shipping Service.

NORTHERN TERRITORY : SHIPPING.

Year.	Arrivals.		Departures.	
	No. of Vessels.	Tonnage.	No. of Vessels.	Tonnage.
1934-35	58	108,306	47	108,909
1935-36	55	117,757	55	117,757
1936-37	100	125,840	104	122,505
1937-38	99	122,960	101	122,961
1938-39	161	181,961	172	179,422

The foregoing figures exclude particulars of coastwise shipping. During 1938-39 fourteen vessels of 285 tons net were entered at Darwin as coastwise. Later particulars are not available for publication.

3. **Air Services.**—Darwin is the first port of arrival in Australia of aircraft from Europe, Singapore and Netherlands East Indies. The air services calling at Darwin at 30th June, 1940, were as follows :—Qantas Empire Airways Ltd., under contract to the Commonwealth Government operates the Sydney-Darwin-Singapore section of the Empire Flying Boat Service with a regular weekly service in each direction. The MacRobertson-Miller Aviation Co. Ltd. operates twice weekly in each direction between Perth and Darwin, linking up with the Qantas service at the latter point. Guinea Airways Ltd. operates a twice weekly service in each direction between Adelaide and Darwin, and the K.N.I.L.M. Company extended their Amsterdam-Batavia air route to Sydney via Darwin in 1938, with a weekly service in each direction as at 30th June, 1940. On the average six machines arrive at and depart from Darwin during each week.

§ 8. Internal Communication.

1. **Railways.**—Under the agreement made between the Commonwealth and the State of South Australia for the transfer of the Northern Territory, which was ratified by the Northern Territory Acceptance Act 1910, the Commonwealth is to construct the Northern Territory portion of the transcontinental railway line (connecting Adelaide and Darwin, via Port Augusta).

The Northern line from Adelaide terminated at Oodnadatta, about 100 miles south of the southern boundary of the Territory, but has been extended to Alice Springs, an addition of 202 miles. The line from Darwin to Katherine River, about 200 miles, has been extended as far as Birdum, 316 miles from Darwin. The completion of the remainder of the gap would give access to broad belts of pastoral and mineral country towards the centre of Australia. The Commonwealth Government acquired on 1st January, 1911, the property in the line from Port Augusta to Oodnadatta (478 miles), and on 1st January, 1926, the control thereof was transferred to the Commonwealth Railways Commissioner.

2. **Posts.**—Postal communication is maintained by vessels belonging to Burns, Philp and Co. Ltd., which carry on a monthly service between the Territory and the Eastern States. In addition, the vessels belonging to the State Steamship Service of Western Australia give a service once every 60 days between Fremantle and Darwin. Mail is carried between Sydney and Darwin by the Qantas Empire Airways Ltd., and between Perth and Darwin by the MacRobertson-Miller Aviation Co. Ltd. Inland, the northern part of the Territory receives its mail via Darwin or by means of the aerial services, and the southern districts are served via Adelaide.

3. **Telegraphs.**—The transcontinental telegraph line, covering a length of 2,230 miles, was completed on 22nd August, 1872, at a cost of nearly £500,000. The line runs in a northerly direction from Adelaide to Darwin, whence telegraphic communication is provided with Asia and Europe, via Banjoewangie (Java), Singapore and Madras. Between Darwin and Banjoewangie the submarine cable is duplicated.

High-power wireless stations have been constructed by the Commonwealth Government at Wave Hill in the Territory, and at Camooweal, just over the eastern boundary, in Queensland.

§ 9. Finance.

In the Commonwealth finance statement separate accounts are given for Northern Territory administration. Revenue and expenditure for 1939-40 are given below :—

NORTHERN TERRITORY : REVENUE AND EXPENDITURE, 1939-40.

REVENUE.	£	EXPENDITURE.	£
Taxation—		Territory Administration ..	224,708
Customs and excise ..	17,446	Developmental services ..	20,789
Sales tax ..	1,331	Postmaster-General's Department ..	27,871
Land and income tax ..	13,006	Other departments ..	40,524
Probate and stamp duties ..	1,696	Rent, repairs, maintenance ..	20,176
Railways—		New works ..	313,738
North Australia ..	60,797	Interest ..	65,707
Central Australia ..	146,921	Sinking fund ..	14,746
Posts, telegraphs and telephones ..	30,165	Unemployment relief ..	2,779
Territorial ..	33,230	Shipping subsidy ..	7,925
Miscellaneous ..	59,055	Railways—	
Deficiency on year's transactions ..	1,042,211	Working expenses ..	308,132
		New works ..	30,561
		Interest ..	273,638
		Sinking fund ..	54,564
Total ..	1,405,858	Total ..	1,405,858

AUSTRALIAN CAPITAL TERRITORY.

1. **Introductory.**—In Official Year Books Nos. 4 and 5, information was given in Section XXXI., in regard to the events leading to the selection of the Australian Capital Territory and the necessary legislation and the progress of operations in connexion with the establishment of the capital city. The physiography of the Territory was dealt with extensively and topographical and contour maps accompanied the letterpress, as well as reproductions of the premiated designs for the laying out of the city. Considerations of space, however, preclude the repetition of this information. On 12th March, 1913, the official ceremony to mark the initiation of operations in connexion with the establishment of the Seat of Government was carried out. At this ceremony the selection of "Canberra" as the name of the capital city was announced. The Seat of Government Acceptance Act 1938 provides that the Territory shall be known as the Australian Capital Territory. (A special article contributed by Dr. F. Watson, entitled "Canberra Past and Present", appears on p. 454 of Official Year Book No. 24).

2. **Transfer of Parliament.**—On 9th May, 1927, Parliament House at Canberra was officially opened by His Royal Highness Albert, Duke of York, the occasion being the 26th anniversary of the opening of the first Parliament of the Commonwealth at Melbourne by His Royal Highness George, Duke of Cornwall and York—afterwards His Majesty King George V—on 9th May, 1901. (For particulars of the opening ceremony see Official Year Book No. 21, p. 604).

3. **Administration.**—In Official Year Book No. 18, a summary is given of the development of the administration prior to the taking over of the control of the Territory by the Federal Capital Commission, and in Official Year Book No. 22, a summary is given of the administrative activities of the Federal Capital Commission.

The administration of the Territory by the Federal Capital Commission was continued until 30th April, 1930, when the Seat of Government (Administration) Act 1924-1929 was repealed, and the powers and functions of the Commission reverted to the Government. The new Administration provided for the general control of the Territory by the Minister for Home Affairs, with the assistance of the Department of Public Health in health matters, the Department of Works in the operation of the engineering services and in the construction of works, and the Attorney-General's Department in the administration of the Courts, Police and Probate, and the Registration of Titles.

An Advisory Council to advise the Minister on matters of local concern was established on 1st May, 1930, by Ordinance under the Act, and a Civic Administrator was appointed as Chairman to carry on the general administration of the Territory under the Minister, subject to the specific services being undertaken by the other Commonwealth Departments mentioned.

The Advisory Council consisted of the Secretary, Department of Home Affairs; the Director-General of Health; the Secretary, Department of Works; the Civic Administrator; and three residents elected for two years under an adult franchise.

On 12th April, 1932, the Departments of Home Affairs and Works were abolished and the Department of the Interior was established in lieu thereof. The office of Civic Administrator was abolished, and the constitution of the Advisory Council was altered so that the nominated members of the Council would consist of the Director-General of Health, and three officers of the Department of the Interior, namely, the Assistant Secretary (Works and Services), the Surveyor-General and Chief Property Officer, and the Assistant Secretary (Civic Administration). Subsequently the constitution of the Council was altered to provide for the replacement of the Director-General of Health by an officer nominated by the Minister for Health, and for the altered designation of the Assistant Secretary (Works and Services), to that of Assistant Secretary (Canberra Services).

Since April, 1932, the general control of the Territory has been exercised by the Minister for the Interior, but the specific services undertaken by the Department of Health and the Attorney-General's Department are being continued by those Departments.

4. **Progress of Work.**—The general progress of the work of construction up to the time the Territory was taken over by the Commission is outlined in Official Year Book No. 18. Later progress under the Commission is described in Official Year Book No. 22.

During 1940-41, 281 residences were completed and 110 were under construction as well as an omnibus garage at Ainslie. The following architectural works were completed:—Canberra Royal Australian Air Force Station, Patent Office, Barton Hostel, No. 2 Empire Air Training School, Duntroon Military College Training School, additions to Transport Depot, additions to complete the National War Memorial, and additions and new buildings for the Canberra Technical College.

In previous issues of the Official Year Book a synopsis of the works completed during the year were given, but for reasons of economy has been omitted from this issue.

5. **Forestry.**—A considerable amount of reafforestation work has been undertaken, and plantations have been established at Uriarra, Mount Stromlo, Pierce's Creek and Kowen. Experimental plots have also been established in the Brindabella mountains and sylvicultural work is being carried out at Black Mountain.

The total area of plantations to 30th June, 1940, was 12,000 acres. Forestry operations were begun on Mount Stromlo in 1915, and up to 1925 approximately 700 acres had been planted with pine and other trees. The plantings up to this time were chiefly on aesthetic lines, but since the initiation of the wider programme, arrangements have been made for pruning and thinning, and sawmill timber is now being obtained from the logs resulting from thinning operations. The output of sawmill logs from thinnings is gradually improving and has increased from 21,762 super. feet in 1930-31 to 1,200,000 super. feet in 1939-40.

In 1926 a comprehensive review was undertaken of the Territory's potentialities in regard to forest development. A system of forestry management was instituted in the existing forest areas, and a considerable amount of survey and assessment work has been completed. *Pinus radiata* has been most extensively planted, and also, as a result of experimental work, pinus areas of better quality pines on a longer rotation, such as *pinus ponderosa* and *laricio* have been planted during recent years.

6. **Lands.**—(i) *In the Australian Capital Territory.* Reference has been made in previous issues of the Official Year Book to the general conditions of land tenure in the Australian Capital Territory and to the area of alienated and leased land.

As considerable portions of the Territory lands are not required in connexion with the establishment of the city, large areas have been leased under special improvement conditions in regard to the extermination of noxious weeds and the destruction of rabbits and other pests. The lands are classified into three grades of agricultural and three grades of grazing land. About 320,366 acres comprising 453 leases are at present held under lease for periods varying from quarterly tenure to 25 years.

Auction sales of city leaseholds are described in Official Year Book No. 22, p. 599.

Five leases under the Church Lands Leases Ordinance 1924–1932, which requires the lessees to submit a definite building programme within a specified period, and one lease under the Church of England Lands Ordinance 1926 have been granted for church purposes. A further six leases under the Leases (Special Purposes) Ordinance 1925–1936 and two leases under the Leases Ordinance 1918–1937 have been granted for church and scholastic purposes.

The total number of leases granted under the City Area Leases Ordinance, not including surrendered leases, at the end of the financial year 1939–40 was 495, representing a capital value of £222,568. During the year 57 new leases were granted. The number of business and residential blocks surrendered to or determined by the Commonwealth to the end of the year was 273.

Under the terms of the City Area Leases Ordinance 1936–1938 each block is leased for a period of 99 years at a rental of £5 per cent. per annum of the unimproved capital value as assessed by the Commonwealth or bid at auction. In conformity with the general reduction of interest in consequence of the financial crisis rentals under this Ordinance have been reduced to 4 per cent. of the unimproved capital value until 30th June, 1941.

(ii) *In the Jervis Bay Territory.* The Commonwealth acquired from the State of New South Wales sovereign rights over the area comprising about 28 square miles of land and water at Jervis Bay for possible use as a port in connexion with the Australian Capital. The Royal Australian Naval College was established in this area on a site known as Captain's Point, but was removed in 1930 to Flinders Naval Base, Victoria. Leases have been granted over an area of 12,812 acres in the Jervis Bay Territory.

7. **Railways.**—Canberra is connected with the railway system of New South Wales by a line $4\frac{1}{2}$ miles long to Queanbeyan. This line was opened for goods traffic on 25th May, 1914, and for passenger traffic on 15th October, 1923. The railway terminus is situated in the area known as Kingston.

A direct passenger service is in operation connecting Canberra with Sydney and Melbourne, and trains leave both cities for Canberra daily. Improved facilities for goods traffic have also been provided.

8. **Population.**—The census return of population on 30th June, 1938, was 11,290 in the Australian Capital Territory and 272 in the Jervis Bay Territory, or a total of 11,562 persons. The estimated population at 30th June, 1941, was 13,474.

9. **Live Stock.**—The number of live stock depastured at 31st December, 1940, were—Horses, 1,157, cattle, 7,730, and sheep, 287,269.

10. **Educational Facilities.**—Arrangements have been made with the New South Wales Education Department to continue the administration of education in the Territory, the expenditure involved being refunded annually to the State. There are eleven schools in the Australian Capital Territory and two in the Jervis Bay Territory. The largest primary school is situated at Telopea Park, Barton, with accommodation for 600 scholars. Secondary education is provided at the Canberra High School, Acton.

It has accommodation for 550 scholars, and its curriculum provides a standard of education comparable in range of subjects with that provided at the best of the Government High Schools in New South Wales. The School also provides for Commercial and Junior Technical Classes, and there is an Evening Continuation School attached with Evening Commercial and Matriculation Classes.

The Canberra Technical College at Kingston is provided with modern equipment for supplementary courses for apprentices, journeymen desirous of improving their trade qualifications, and for others who desire to take any special courses.

There are at present four private schools in the Territory. The Canberra Grammar School, the Canberra Church of England Girls' Grammar School, and St. Christopher's Convent School provide for primary and secondary education, and St. Patrick's School provides primary and sub-primary education.

Reference to the establishment of the Canberra University College will be found in Chapter VI. "Education".

11. Finance.—(i) *Financial Year 1939-40.* Receipts and Expenditure for the financial year 1939-40 are given in the following table:—

AUSTRALIAN CAPITAL TERRITORY: RECEIPTS AND EXPENDITURE, 1939-40.

Receipts.		Expenditure.				
Items.	Amount.	Items.	Capital.	Main-tenance.	Other.	Total.
	£		£	£	£	£
Rent and rates ..	175,959	Architectural services ..	295,467	31,804	..	327,271
Electricity ..	56,392	Engineering services ..	194,148	89,455	..	283,603
Motor registration and fees ..	15,645	Lands, Forestry ..	2,973	..	..	2,973
Hospital tax ..	14,464	Loans for housing, net ..	29,248	..	..	29,248
Hotels ..	24,971	Sundry works and services ..	2,489	41,082	..	43,571
Transport and City Bus Service ..	93,896	Education ..	..	..	53,993	53,993
Sales of goods, manufactured products, etc. ..	408,566	Hospital—Working expenses ..	..	..	15,750	15,750
Housing ..	20,735	Interest and Sinking Fund ..	..	..	289,900	289,900
Miscellaneous ..	61,976	Administrative ..	..	..	83,630	83,630
		Hotels—Working expenses ..	..	..	25,628	25,628
		Transport and City Bus Service—Working expenses ..	..	..	95,196	95,196
		Factory Stores, etc.—Working expenses ..	..	..	411,571	411,571
		Housing ..	..	..	17,959	17,959
		Miscellaneous—Police, Fire Brigade, etc. ..	300	..	52,222	52,522
Total Receipts ..	872,604	Total Expenditure ..	524,625	162,341	1,045,849	1,732,815

(ii) *From 1901-2 to 30th June, 1940.*—The total receipts and expenditure from 1901-2 to 30th June, 1940, were as follows:—

AUSTRALIAN CAPITAL TERRITORY: RECEIPTS AND EXPENDITURE TO 30th JUNE, 1940.

Receipts.		£	Expenditure.		£
Commonwealth Treasury—			Lands ..	..	907,449
Parliamentary Appropriations—			Engineering works ..	..	4,488,610
Revenue ..	..	5,804,002	Architectural works ..	..	3,179,629
Loan ..	..	5,815,299	Other capital expenditure, sundry debtors, etc. ..	..	1,049,618
					9,616,306
			Seat of Government Establishment Account, being maintenance and administration less revenue: expenditure of a capital nature for which assets no longer exist; profit and loss accounts of trading activities, etc. ..	..	2,092,995*
Total Receipts ..	..	11,709,301	Net Expenditure ..	..	11,709,301

*Excluding interest, £3,290,326 net.

The foregoing table was prepared by the Department of the Interior and excludes part cost of National Buildings—Parliament House, the Secretariats, etc., Federal Highways within the Territory, Queanbeyan-Canberra Railway and Housing Loan, etc., and Loans for Housing, £2,308,958.

NORFOLK ISLAND.

1. *Area, Location, etc.*—Norfolk Island, discovered by Captain Cook in 1774, is situated in latitude 29° 3' 45" South, longitude 167° 56' 29" East. Its total area is 8,528 acres, the island being about 5 miles long and 3 miles wide. From Sydney it is distant 930 miles, and from Auckland, 630 miles. The length of the coast line is 20 miles, and its form that of an irregular ellipse. Except on the south-west, inaccessible cliffs rise from the water's edge. The climate is equable, the temperature ranging between 40° and 85°, with a mean of 68°. The average annual rainfall is 52 inches. It has been said that the salubrious climate, coupled with the beauty of its land and sea scapes, should render Norfolk Island "the Madeira of the Pacific." The island is visited annually by a number of tourists, and with improved shipping facilities this traffic is likely to increase. A tourist bureau has been established on the Island.

2. *Settlement.*—The first colonization, in 1788, was by Lieutenant King, who in H.M.S. *Supply* established a small penal station as a branch settlement of that at Port Jackson. The settlement was abandoned in 1813, and for 13 years thereafter its chief use was as a whaling station and place of call for British warships.

From 1826 to 1855 it was again made a penal station. In 1844 it was annexed to Van Diemen's Land (Tasmania).

The descendants of the *Bounty* mutineers, were too numerous to subsist on Pitcairn Island, were removed thence to Norfolk Island in 1856. The new community numbered 94 males and 100 females—and were the descendants of British sailors and Tahitian women. One of these is still alive.

3. *Administration.*—In 1856 the island was created a distinct and separate settlement under the jurisdiction of New South Wales. In 1896 it was made a dependency under the Governor of that Colony, and finally by the passage of the Norfolk Island Act 1913 it was accepted by the Federal Parliament as a territory of Australia. From July, 1914 until 1st January, 1929, Norfolk Island was administered by the Department of Home and Territories, but it is now administered by the Territories Branch of the Prime Minister's Department through an Administrator. An amending measure, the Norfolk Island Act 1935, provided for the establishment of an Advisory Council of eight elected members to advise the Administrator.

4. *Population.*—The population at 30th June, 1940, was 896, consisting of 480 males and 416 females. During 1939-40, 13 births, 14 deaths, and 4 marriages were recorded. The average age of the persons who died was 58 years. Departures from the island exceeded arrivals by 86, the respective figures being departures 275, arrivals, 189.

5. *Live Stock.*—The latest returns of live stock show that in May, 1938, there were on the island 1,972 cattle, 679 horses, 235 sheep and 82 pigs. In addition, there were 4,873 head of poultry.

6. *Production, Trade, etc.*—The soil throughout is good and is specially suitable for the cultivation of bananas, citrus and other fruits. The Canadian Wonder bean seed is one of the staple crops of the island. Since the promulgation of the Ordinance regulating the export of seed the area planted with bean seed has increased. The 1939-40 crop was particularly good, the quantity exported amounting to 1,947 bushels, compared with 568 bushels in 1938-39 and 923 bushels in 1937-38.

Apart from the bean, agriculture generally has been depressed, but the prospects are now brighter. A modern pulping factory has been erected on the island and 19,680 gallons of passion fruit pulp were exported during 1939-40. The pulping of cherry guavas for jelly has also been experimented with and 316 lb. were shipped to Sydney during the same period. Investigations are being carried out with a view to cultivating flax and ramie.

The citrus trees on the island in full bearing are capable of producing over 3,000 cases of fruit, but owing to adverse weather conditions the crop amounted to about 800 cases only in 1939-40. A ready market is available in New Zealand.

A demonstration farm was established in 1938 for the study of crop diseases and suitable farming methods for the island.

Large numbers of whales pass the island throughout the season. However, whaling had not been conducted for a number of years until recently when the industry was revived by the formation of a whaling company. Three boats have been fitted out and manned by full crews. The preserved fish industry which was established some years ago has been abandoned, and the fish-freezing factory has also ceased operations. Such fish as trevally, kingfish, schnapper and many others abound in the waters around the island.

On 30th June, 1940, the total area of land held under freehold and Crown leasehold amounted to 6,678 acres, consisting of 4,519 acres freehold and 2,159 leasehold.

Imports and exports for the last five years for which particulars are available are given hereunder: the values are expressed in Australian currency:—

NORFOLK ISLAND : IMPORTS AND EXPORTS.

Country.	1934-35.	1935-36.	1936-37.	1937-38.	1938-39.
IMPORTS.					
From—	£	£	£	£	£
Australia	26,260	28,657	33,825	31,188	27,427
New Zealand .. ..	..	..	2	119	..
Pacific Islands ..	258	140	210	239	163
Total	26,518	28,797	34,037	31,546	27,590
EXPORTS.					
To—	£	£	£	£	£
Australia	8,170	8,283	11,611	10,328	16,110
New Zealand .. ..	..	921	..	911	623
Pacific Islands ..	148	203	268	268	237
Total	8,318	9,407	11,879	11,507	16,970

Duties of Customs are levied on the following goods imported into Norfolk Island for home consumption:—

IMPORT DUTIES SCHEDULE.

Article.	Unit.	Rate of Duty.	Article.	Unit.	Rate of Duty.
		s. d.			s. d.
Spirits	pr. gal.	30 0	Chicory	lb.	0 3
Ale, beer, porter and cider	gal.	2 6	Petroleum, etc. ..	gal.	0 3
Wine, still—			Kerosene, etc. ..	..	0 3
Australian .. ..	..	5 0	Residual oil, etc. ..	..	0 3
Other .. ..	..	10 0	Oil, n.e.i. .. ..	..	0 3
Wine, sparkling—			Lubricating oils ..	..	0 3
Australian .. ..	..	15 0	Sugar	cwt.	3 0
Other .. ..	..	25 0	Molasses, etc. ..	..	2 0
Tobacco, manufactured or unmanufactured—			Biscuits	lb.	0 1
Australian leaf ..	lb.	2 0	Candles .. ..	..	0 1
Other leaf .. ..	..	4 0	Confectionery ..	..	0 3
Cigars and cigarettes ..	..	6 0	Dried fruits—		
Tea .. ..	..	0 3	Australian .. ..	..	0 1
offee .. ..	..	0 3	Other .. ..	..	0 3
			Jams, jellies and pre- serves .. ..	..	0 1

No duties are chargeable on goods imported into Australia from Norfolk Island if the goods (a) are the produce or manufacture of Norfolk Island; and (b) are shipped direct to Australia; and (c) are not goods which if manufactured or produced in Australia would be subject to excise duty.

7. **Communication.**—The “all-red” cable from Great Britain via Vancouver, Fanning Island and Fiji, bifurcates at Norfolk Island, one line connecting with New Zealand, the other with Brisbane.

A shipping service to the Territory is maintained by the vessels of Burns, Philp & Co. Ltd., Sydney, under the terms of the contract with the Commonwealth Government for the maintenance of shipping services to the Pacific Islands.

The journey from Sydney to Norfolk Island occupies four days.

8. **Social Condition.**—Education is free and compulsory up to the age of fifteen years. The school conforms to the Australian standard of public education, ranging from kindergarten to the intermediate certificate, with a two years' super-primary course of instruction in cultural subjects and in agriculture, woodwork, metalwork, etc. The headmaster and one assistant teacher are lent by the New South Wales Education Department, but they are paid by the Norfolk Island Administration. The number of scholars enrolled at 30th June, 1940, was 123.

The Court of Norfolk Island presided over by a Chief Magistrate is a court of record with dual jurisdiction. Sitting in its Limited Jurisdiction the Court has power to hear and determine actions of claims not exceeding £30 and to punish summarily all crimes and offences involving a pecuniary penalty or a sentence of imprisonment not exceeding six months. In its Full Jurisdiction the Court can hear and determine all actions, punish all crimes and offences, grant probate and letters of administration, hear and determine appeals from any conviction of the Court sitting in its Limited Jurisdiction, and has authority in all other matters. An appeal lies to the High Court of Australia from any judgment, order, decree or sentence of the Court sitting in its Full Jurisdiction.

9. **Finances.**—The whole of the Territorial revenue together with an annual grant from the Commonwealth Government in aid of the administrative expenses is paid to the credit of the Norfolk Island Trust Fund Account, and all administrative and developmental expenses are paid from that account. The operations for 1939-40 were as follows:—

NORFOLK ISLAND TRUST FUND ACCOUNT, 1939-40.

Items.		Receipts.	Items.		Expenditure.
		£			£
Balance carried forward	..	5,054	Salaries .. ..	..	5,614
Commonwealth Grant	..	4,000	Purchase of liquor ..	..	2,487
Customs duties	.. ..	3,087	Demonstration farm	..	499
Sale of liquor	.. ..	3,073	Repairs and maintenance	..	1,039
Miscellaneous	.. ..	2,797	Miscellaneous	.. ..	4,489
			Balance .. ..	..	3,883
Total	.. ..	18,011	Total	.. ..	18,011

PAPUA.

§ 1. General Description.

1. **Early Administration.**—Particulars of the early administration of Papua were given in Official Year Book No. 19, p. 576.

2. **Administration by Commonwealth of Australia.**—The Territory was placed under the authority of the Commonwealth on 1st September, 1906, by proclamation issued in pursuance of Letters Patent of 18th March, 1902, and was accepted by the

Commonwealth by the Papua Act 1905, which came into force by virtue of the aforesaid proclamation. The transfer was made under the authority of Section 122 of the Constitution. The Territory is now under the control of the Commonwealth, but not included within it, and is divided into magisterial districts.

Prior to an amendment made in 1940, the Papua Act provided for the appointment of a Lieutenant-Governor to administer the Territory. The office of Lieutenant-Governor was held by Sir Hubert Murray, K.C.M.G., from 1909 until his death in February, 1940. By virtue of the amendment referred to, the Territory is now controlled by an Administrator.

3. *Area, etc.*—Papua lies wholly within the tropics. The northernmost point touches 5° S. latitude; its southernmost portion, comprising Sudest and Rossel Islands, lies between 11° S. and 12° S. latitude. It is separated from Australia by Torres Strait. The length of Papua from east to west is upwards of 800 miles: towards either end the breadth from north to south is about 200 miles, but about the centre it is considerably narrower. The Territory comprises also the islands of the Trobriand, Woodlark, D'Entrecasteaux and Louisiade groups. The length of coast-line is estimated at 3,664 miles—1,728 on the mainland, and 1,936 on the islands. The total area is about 90,540 square miles, of which 87,786 are on the mainland, and 2,754 on the islands. A reference to the physical characteristics of the Territory appears in previous issues of the Official Year Book (see No. 18, p. 633).

§ 2. Population.

The white population of Papua at the census of 30th June, 1940, was 1,822, made up of 1,201 males and 621 females. The numbers recorded in previous years were:—1937, 1,323; 1938, 1,488; and 1939, 1,608.

It is not possible to give exact data regarding the number of natives, because a large area of the interior is not yet under complete Government control. The official estimate is 300,000. Such censuses of the native population as have been taken during recent years point to a slight increase. The coloured population, other than Papuans, on 30th June, 1933, was 786, and included many mission teachers from Samoa, Fiji and other Pacific Islands. On the same date, half-castes, with one of the parents a European, were 227. An Immigration Restriction Ordinance prohibits the immigration of persons who fail to pass the dictation test, or who are of bad character, or likely to become a charge upon the public. Exemptions may, however, be granted by the Administrator to persons of special skill required for employment as overseers or foremen.

§ 3. Native Labour, Taxation, Health, etc.

1. *Native Labour.*—Information regarding the conditions connected with the employment of native labour will be found in Official Year Book No. 22, p. 607.

The number of natives who served under contracts of service for various periods during 1939–40 was 17,351 and the approximate number of non-indentured labourers was 3,000; the latter is of course only estimated, and cannot be taken as quite reliable.

2. *Native Taxes.*—Under the Native Taxes Ordinance, 1917–1936, a tax not exceeding £1 per annum may be imposed on natives, excepting native constables, mission teachers, natives unfit for work, and those who have four living children. The proceeds of the tax must be expended on native education, or devoted to purposes directly benefiting the natives.

The taxes collected in 1939–40 amounted to £14,845, of which £3,891 was transferred to the Native Education Fund, and £8,877 to the Native Benefits Fund. The Native Education Fund during 1939–40 disbursed to primary and technical education £4,241, and to agricultural education £1,075, leaving a credit balance of £23,265. From the Benefits Fund the expenditure included:—Anthropology, £1,308; health, £5,821; plantation requisites, £412; village improvements, £146; family bonus, £1,261; games in villages, £36; and clerical expenses, £25.

3. **Care of Half-caste Children.**—An Ordinance was passed in 1922 to provide for the care and maintenance of neglected half-caste children. The Ordinance provides that a sum of £26 per annum shall be paid to the Commissioner for Native Affairs by the adjudged father of the child until the child, if a boy, shall reach the age of 16 years, or, if a girl, 18 years.

4. **Health.**—The two principal native hospitals are in Port Moresby and Samarai; but minor hospitals are attached to the out-stations. Hospitals are also conducted by the various mission societies and plantation companies. The mission societies employ two doctors and a number of trained nurses. Several European medical assistants are employed by the Government. In recent years parties of natives have received a six months course of instruction in first aid and in elementary physics, chemistry, anatomy, physiology and pathology at the School of Public Health and Tropical Medicine, University of Sydney. On their return, the natives are employed as travelling native medical assistants. A training school has been established for this purpose. The chief complaints treated are yaws, ulcers, lung affections, hookworm, venereal and skin diseases. The death rate amongst native labourers was 1.84 per cent. in 1939-40.

§ 4. Land Tenure.

1. **Method of Obtaining Land.**—The broad principles upon which the land laws of Papua are based are (a) no land can be alienated in fee simple; (b) the rental of the land leased is assessed on the unimproved value of the land, and is subject to re-appraisal at fixed periods. The terms upon which land may be leased are very liberal. Leaseholds of the best class of agricultural land may be obtained for 99 years. No rent is payable during the first ten years of the lease on areas less than 1,000 acres. During the following ten years the rent is charged at the rate of 5 per cent. on the unimproved value of the land. The unimproved value of the land is appraised every twenty years and the rent determined accordingly. If on any appraisal the rent is raised by more than one-third the lessee may disclaim the lease and shall be entitled to receive compensation for his improvements. The unimproved value of agricultural land has been fixed at 5s. per acre. Rent is immediately payable on areas exceeding 1,000 acres, and survey fees on areas exceeding 100 acres.

2. **Crown Lands.**—Private sales of land in the Territory have now ceased. The Government buys from the natives, and then leases to planters, who are forbidden to have direct dealings in land with Papuans. The amount of Crown Land purchased from the natives in 1939-40 was 5,900 acres, and the total to 30th June, 1940, 1,775,605 acres. The tenures under which surveyed areas were held at 30th June, 1940, were leasehold 195,038 acres, and freehold 23,490 acres. The area of leases granted during 1939-40 was 9,997 acres most of which was intended for rubber plantations. The low price of copra and the more favorable prospects of rubber have diverted attention to the latter culture. More than 80,000 acres are now held under leases for the cultivation of rubber. Crown rents on leaseholds for 1940 amounted to £6,378.

§ 5. Production.

1. **General.**—The products of the Territory are obtained from its agricultural, timber, fishing, mining and manufacturing industries. Gold is the principal mineral mined, and rubber and copra are the most important amongst plantation products. Portions of the Territory appear well suited for cotton cultivation, and there is a possibility of obtaining petroleum in marketable quantities. Bounties are paid by the Commonwealth Government on cocoa beans and shells, hemp and coir, sago, vanilla beans, bamboos and rattans, spices and kapok produced in the Territory and exported direct to Australia for home consumption.

2. **Agriculture.**—(i) *Soil and Rainfall.* Rich soils at varying elevations and heavy and evenly distributed rainfall favour the cultivation of a variety of tropical products including sugar-cane, coco-nuts, sago palm, bread fruit, dyewoods, spices, ginger, nutmegs,

bananas and other fruits. There are large areas of rich alluvial and volcanic soils along the coast, and fertile land is found at elevations up to 6,000 feet. Heavy rainfalls occur, except over a belt of country which runs back from the coast to the hills, and which has its dry season from May to November. This "dry" area is admirably suited for the production of tobacco, fibres, cotton, etc. There are 21 meteorological stations throughout the Territory, and an economic museum and agricultural library have been established.

(ii) *Plantations.* Agricultural settlement has been mostly in the Central and Eastern Divisions with coco-nuts and rubber as the principal crops. The natives are compelled by an Ordinance to plant coco-nuts for food supply. In addition to the coco-nuts in these plantations, many more are planted over small and widely scattered areas by the older natives in accordance with custom. The Native Plantations Ordinance provides for the establishment of plantations in which half of the proceeds is paid to the natives entitled thereto, and the remaining half paid into the Native Education Fund. The following table shows the areas under the different crops during the past five seasons :—

AREA UNDER CULTIVATION.

Crop.	1935.	1936.	1937.	1938.	1939.
	Acres.	Acres.	Acres.	Acres.	Acres.
Coco-nuts	47,642	48,188	45,237	44,719	44,527
Rubber	9,591	10,270	10,956	12,809	14,494
Sisal hemp	150	150	150	700	700
Kapok	128	168	119	84	92
Coffee	388	368	271	248	190
Other	729	801	933	664	554
Total	58,628	59,945	57,636	59,224	60,557

At 30th June, 1940, the London market price for hot-air dried copra was £13 5s. per ton as compared with £11 7s. 6d. at 30th June, 1939. Rubber at the later date was 13½d. per lb. compared with 8d. per lb. on 30th June, 1939.

(iii) *Government Plantations.* There are two Government plantations, the Orangerie Bay coco-nut plantation and the Kemp Welch rubber plantation, of which the former, although showing a record production for 1939-40, sustained a loss, while the latter reported a net profit on the year's undertakings.

3. *Forestry.*—The principal softwood timber is known as "ilimo," while among satisfactory timbers of the lowlands are "nara," "medobi," and "melila." There are a large number of woods, varying from the softest to the hardest, including beautiful cabinet woods, but research is necessary to determine their usefulness. The development of a coniferous belt at the higher altitudes offers great possibilities. It is believed that teak and sandalwood are well suited for cultivation.

4. *Live Stock.*—At 31st December, 1939, the live stock in the Territory consisted of 525 horses, 6,958 head of cattle, 112 mules, 1,440 goats, 623 pigs, 23 sheep and 6,434 fowls. The introduction of rabbits, foxes, hares and monkeys is prohibited.

5. *Fisheries.*—Pearl-shell fishing occupies an important place in the industries of Papua. Considerable numbers of luggers are licensed, but the returns are mostly credited to Queensland, whose boundary approaches to within a few miles of the Papuan coast. The species of tortoise which supplies the commercial tortoise-shell is also a native of Papua. Bêche-de-mer and trochus are found along the shores and reefs, and form valuable articles of export.

6. Mining.—(i) *Variety of Minerals.* Minerals have been found over a wide range of country. Those discovered so far are gold, copper, tin, lead, zinc, cinnabar, iron, osmiridium, gypsum, manganese, sulphur, graphite, chromite, lignite, platinum and petroleum.

The existence of petroleum has been traced at scattered intervals over a large area. Three companies hold permits under the provisions of the Petroleum (Prospecting and Mining) Ordinance 1938–1939 and oil prospecting is being carried on in the Western, Delta Gulf and Central Divisions.

Of precious stones, only the topaz and beryl have been obtained. Large beds of apparently good coal also exist.

(ii) *Gold.* Gold was discovered in 1888 and the search gradually spread over every division, finds being reported wherever the explorers went. The estimated quantity in fine ounces and the value of the gold yield for the last five years are given below :—

PAPUA : GOLD YIELD.(a)

1935–36.		1936–37.		1937–38.		1938–39.		1939–40.	
Quantity.	Value.	Quantity.	Value.	Quantity.	Value.	Quantity.	Value.	Quantity.	Value.
Fine oz. 19,254	£ 167,046	Fine oz. 21,605	£ 187,975	Fine oz. 25,835	£ 223,160	Fine oz. 35,808	£ 325,116	Fine oz. 30,422	£ 316,203

(a) Valued at average price realized for fine gold in Australia.

Most of the rivers, except those flowing into the Gulf of Papua, have been declared open to gold dredging, and good yields have been obtained. The total value of gold won to 30th June, 1940, was £3,158,520.

(iii) *Copper.* The value of exports of copper during 1938–39 amounted to £5,041. In addition copper matte to the value of £29,614 was exported. The principal value of the latter item is its gold content.

(iv) *Other Minerals.* Some good samples of galena (sulphide of lead) have been obtained, while cinnabar (sulphide of mercury), graphite (or plumbago), zinc-blende, native sulphur, and other minerals are known to exist. In 1924 a deposit of lignite was discovered on Smoky Creek, a tributary of the Era River.

A mineral laboratory and museum have been fitted up, and are available to prospectors and others interested.

7. *Water Power.*—Most of the rivers in Papua carry a large volume of water from a great height over a relatively short distance, thereby offering opportunities for the installation of hydro-electric power plants. It is estimated that there is at least 10,000,000 h.p. available for this purpose.

§ 6. Trade and Shipping.

1. *Customs Tariff.*—In the Schedule to the Customs Tariff of Papua 136 items are mentioned, of which approximately one-third are on the free list, consisting of a number of foodstuffs and certain manufactures for use in the development of the Territory or its industries. Where duties are imposed they are generally on a 10 per cent. ad valorem basis, with the exception of ale, spirits, beverages and tobacco on which high revenue rates are imposed. Preference is given to Australian wines. On 16th July, 1931, a primage duty of 4 per cent. ad valorem was imposed on all goods whether dutiable or not in addition to the ordinary customs dues; the rate was subsequently reduced to 2½ per cent. and the duty ceased to operate on 1st July, 1937. From 12th July, 1940, the duty has been re-imposed, but certain specified articles have been exempted. The value of imports into Papua during 1938–39 was £514,808 and the duty collected, £54,606. The duty collected in 1939–40 was £64,611.

In 1939–40, £127 was received in export duties which are levied on pearl-shell, gold and copra, in the latter case only on the excess above £20 per ton of a certain declared value deemed to be the London market price.

Provision is made in the Australian Customs Tariff (Papua and New Guinea Preference) 1936 for the free entry into Australia of certain goods produced and imported direct from Papua (see Chapter XXIII. "Trade"), and a proclamation of 25th September, 1935, exempted from primage duty goods the produce or manufacture of the Territory.

2. **Imports and Exports.**—Tables of imports and exports during the years 1934-35 to 1938-39 are given hereunder. Later particulars are not available for publication. The values of exports are expressed in Australian currency but it is not possible to determine accurately the currency of the £ in the table of imports.

PAPUA : IMPORTS AND EXPORTS.

Particulars.	1934-35.	1935-36.	1936-37.	1937-38.	1938-39.
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IMPORTS.

	£	£	£	£	£
Ale, spirits and beverages ..	8,732	9,170	11,362	14,453	14,818
Tobacco and manufactures ..	23,297	21,075	25,637	24,213	27,466
Agricultural products and groceries	74,945	85,205	114,621	143,937	138,551
Textiles, felts, furs, attire, etc. ..	30,127	30,985	40,987	45,492	37,712
Metals and machinery ..	49,551	49,389	98,875	124,277	76,068
Oils, paints and varnishes ..	14,179	17,327	27,519	37,139	33,331
Earthenware, cement, glass, etc.	2,730	2,687	5,078	6,969	5,585
Drugs and chemicals ..	8,143	7,444	9,596	12,904	12,828
Wood, wicker and cane ..	3,385	4,729	7,620	14,918	13,076
Jewellery and fancy goods ..	4,699	7,722	9,171	9,495	7,756
Leather and rubber ..	5,182	5,204	6,288	6,748	8,076
Paper and stationery ..	4,264	5,105	6,317	8,569	8,521
Miscellaneous ..	23,510	49,748	58,633	126,479	94,273
Government stores ..	16,555	22,025	30,352	55,904	36,747
Total	269,299	317,815	452,056	631,497	514,808

EXPORTS.

	£	£	£	£	£
Bêche-de-mer	4,455	1,802	3,939	1,363	2,506
Coco-nut, desiccated	37,895	42,467	47,137	52,628	48,140
Coffee beans	7,083	5,217	7,536	6,606	6,911
Copra	57,597	100,681	191,808	91,166	57,999
Gold	68,922	81,785	91,775	109,738	152,103
Pearls	5,742	2,395	1,966	2,400	15
Rubber	79,031	89,467	124,174	129,448	114,949
Trochus-shell	11,750	13,609	12,581	8,578	9,200
Other	22,268	17,734	43,085	33,666	98,335
Total	294,743	355,157	524,001	435,593	490,158

The trade of the Territory reached its maximum in 1925-26 when imports were valued at £470,774 and exports at £685,896. Prices for both copra and rubber were high about that time and the copper-mines were producing freely.

3. **Direction of Trade.**—Particulars of the countries of origin of the imports into Papua and the destination of the goods shipped therefrom are shown below for the last three years for which particulars are available :—

PAPUA : DIRECTION OF TRADE.

Country.	Imports.			Exports.		
	1936-37.	1937-38.	1938-39.	1936-37.	1937-38.	1938-39.
	£	£	£	£	£	£
Australia	219,007	305,894	239,105	332,165	352,923	409,408
United Kingdom ..	72,580	87,910	56,699	55,338	32,622	25,840
Other British	20,717	22,453	45,313	6,245	6,477	17,630
Europe	18,761	35,839	23,966	97,392	20,915	11,024
Japan	12,888	17,969	14,858	8,381	5,509	7,582
Asia, excluding Japan	30,549	35,730	38,960	3,080	1,363	2,425
Dutch East Indies and Philippine Islands..	20,657	34,381	21,288	..	3,017	11,519
U.S.A.	56,470	89,847	73,446	21,400	55	576
America, Other	427	1,474	1,173	..	..	..
Morocco .. ..	..	..	..	..	3,712	4,154
Total	452,056	631,497	514,808	524,001	435,593	490,158

4. **Shipping.**—The following table shows the number and tonnage of oversea vessels entered and cleared at ports during the past five years for which particulars are available. Of the vessels recorded in 1938-39, 158 were of British nationality.

PAPUA : OVERSEA SHIPPING.

Year.	Vessels.	Tonnage.
1934-35	177	341,537
1935-36	194	371,980
1936-37	181	356,476
1937-38	243	482,981
1938-39	215	461,199

NOTE.—The above figures are exclusive of ships of war and Government vessels.

§ 7. Finance.

The revenue and expenditure for the last five years were as follows :—

PAPUA : REVENUE AND EXPENDITURE.

Particulars.	1935-36.	1936-37.	1937-38.	1938-39.	1939-40.
	£	£	£	£	£
Revenue—					
Customs	46,132	57,443	58,539	54,606	64,874
Commonwealth Grant ..	42,500	42,500	42,500	42,500	42,500
Lands	5,177	6,531	6,708	6,013	7,112
Fees, fines, etc.	5,600	6,148	7,065	9,501	9,554
Other	(a) 66,279	(a) 59,169	67,996	53,203	53,878
Total	165,628	171,791	182,808	165,823	177,918
Expenditure—					
Medical	16,203	16,718	20,884	22,075	20,785
Ordinary Votes	(b) 129,282	(b) 127,926	122,536	116,277	127,456
Public Works	17,597	23,503	35,828	25,457	26,965
Native Affairs	2,739	2,773	3,854	2,522	2,726
Total	165,821	170,920	183,102	166,331	177,932

(a) Including Commonwealth grant to rubber growers £19,747 in 1935-36 and £6,871 in 1936-37, and Commonwealth grant for mining development, £5,000 in 1935-36. (b) Including expenditure of Commonwealth special grants.

§ 8. Progress of Papua.

As already stated in § 1, *supra*, the Territory was placed under Australian control on 1st September, 1906. The following table indicates the progress that has been made since that date:—

PAPUA : STATISTICAL SUMMARY.

Items.	Year ended 30th June—			
	1907.	1938.	1939.	1940.
White population	690	1,488	1,608	1,822
Native labourers employed	2,000	18,478	19,733	20,352
Territorial revenue	£21,813	£140,308	£123,323	£135,418
" expenditure	£45,335	£183,102	£166,331	£177,932
Value of imports	£57,776	£631,497	£514,808	(a)
" exports	£63,756	£435,593	£490,158	(a)
Area of plantations acres	1,467	57,636	59,224	60,557
Meteorological stations established	3	21	21	21
Gold yield fine oz.	12,439	25,835	35,808	30,422

(a) Not available for publication.

MANDATED TERRITORY OF NEW GUINEA.

§ 1. General Description.

The land area of the Territory of New Guinea is about 93,000 square miles and the area including the sea within the lines drawn through its extreme outer points is more than 1,000,000 square miles. The coast of the Territory not having been completely surveyed, the areas of the various islands are known only approximately.

The approximate areas of the principal islands together with the small islands adjacent thereto are as follows:—

AREA OF TERRITORY OF NEW GUINEA.

Particulars.	Approximate Area.
North East New Guinea (also called "The Mainland") ..	Sq. Miles. 69,700
Bismarek Archipelago—	
New Britain	14,600
New Ireland	3,340
Lavongui	460
Admiralty Islands	800
	19,200
Solomon Islands—	
Bougainville	3,880
Buka	220
	4,100
Total	93,000

Information regarding physiography and climate will be found in Official Year Book, No. 22, p. 613, and in the *Official Handbook of the Territory*.

§ 2. Government.

1. **The Military Occupation.**—On 17th September, 1914, the Acting Governor of German New Guinea signed terms of capitulation with the officer commanding a Naval and Military Expedition sent from Australia, and thereafter the Territory was under military administration until the establishment of Civil Government in May, 1921.

2. **Mandate.**—In 1919 it was decided by the Principal Allied and Associated Powers that the Territory of New Guinea, which Germany gave up as one of the terms of peace, should be entrusted under Mandate from the League of Nations to the Government of

the Commonwealth. The issuing of the Mandate was, however, delayed, and it was not until 17th December, 1920, that its terms were settled; and the Mandate itself did not reach Australia until April, 1921.

The terms of the Mandate are given in Official Year Book No. 33 (see p. 264).

3. **New Guinea Act and Statute Law.**—In anticipation of the issuing of the Mandate the Commonwealth Parliament in September, 1920, passed the New Guinea Act 1920, by which the Governor-General was authorized to accept the Mandate when issued. The Territory was, by the Act, declared to be a Territory under the authority of the Commonwealth, with the name of the Territory of New Guinea.

The Act provided for an Administrator, while power to legislate for the Territory was to be exercised by the Governor-General, and provision was made for the observance of safeguards in the interests of the natives as set out in the Mandate.

In 1932 the Act was amended to provide for the establishment of a Legislative Council and an Executive Council for the Territory, the Executive Council to consist of nine members appointed by the Governor-General, of whom one shall not be an officer of the Territory. The Legislative Council is empowered to make Ordinances for the peace, order and good government of the Territory. Such Ordinances are subject to disallowance by the Governor-General who, however, is not now empowered to make Ordinances for the Territory. The amending Act was proclaimed to commence on 2nd May, 1933, and the Act is now entitled the New Guinea Act 1920-1935. The Acts of the Commonwealth Parliament do not (unless expressly so stated) extend to the Territory, but the Laws Repeal and Adopting Ordinance 1921-1939 provides that certain Acts and Ordinances shall be applied thereto.

4. **Legislative Council.**—The Legislative Council consists of the Administrator, the eight official members of the Executive Council and seven non-official members, the latter nominated by the Administrator and appointed by the Governor-General.

5. **Expropriation.**—The Treaty of Peace provided that German nationals resident in her former colonies might be repatriated, and that the property rights and interests of German nationals in former colonies might be retained and liquidated by the Allies, the proceeds being credited to Germany in part payment of the reparation payable by her under the Treaty. In pursuance of these powers, in September, 1920, the property of the principal German companies in the Territory, and in March, 1921, that of a large number of German planters, was vested in the Public Trustee. In 1926 and 1927 these plantations were transferred to private owners.

6. **Departments and Districts.**—The Administration is organized in eight Departments—Government Secretary; Treasury; District Services and Native Affairs; Public Health; Customs; Lands, Surveys, Mines and Forests; Agriculture; and Public Works.

For administrative purposes the Territory is divided into the seven following districts:—New Britain, comprising New Britain and adjacent islands; Morobe; Madang; Sepik (on the mainland); New Ireland, comprising New Ireland, Lavongai and adjacent islands; Manus, comprising the Admiralty Group; and Kieta, the former German portion of the Solomon Islands. Each district is under a District Officer, assisted by a small staff.

7. **Reports to the League of Nations.**—Nineteen reports have been rendered to the League of Nations in compliance with Article 6 of the Mandate, the latest being for the year ended 30th June, 1939.

§ 3. Population.

1. **White Population.**—The number of the white population at various intervals since 1885 is shown in the following table. At 30th June, 1940, the white population was 4,399, of whom 3,345 were British subjects.

TERRITORY OF NEW GUINEA : WHITE POPULATION.

Year.	Number.			Year.	Number.		
1885	64	1937	..	..	4,286
1933	3,191	1938	..	..	4,445
1935	4,176	1939	..	..	4,608
1936	4,281	1940	..	..	4,399

2. **Asiatic Population.**—Malays seem to have been the first Asiatics brought by the Germans to German New Guinea; 37 of them were recorded on the mainland in 1885. About 1889 the New Guinea Company began to bring Chinese, Malays and Javanese in growing numbers from Singapore and Java to work on the plantations; in the year 1892 there were about 1,800 Asiatics on the mainland. By 1898 the number had decreased to 300 or 400, but it had risen to 1,830 at the time of the 1933 Census and at 30th June, 1940, numbered 2,099, of whom 2,061 were Chinese and 38 Japanese. The Japanese at the 1933 Census numbered 73. The Chinese provide the skilled artisans of the Territory, and many of them are small traders. Most of the Japanese residents are employed on the plantations, or in shipyards and stores.

3. **Native Population.**—As a large portion of the Territory is not under Government influence it is not possible to obtain reliable figures in regard to the number of the natives.

The following table shows the number enumerated as at 30th June, 1940 :—

TERRITORY OF NEW GUINEA: NATIVE POPULATION AT 30th JUNE, 1940.
(Including Indentured Labourers.)

District.	Children.			Adults.			Total.		
	Males.	Females.	Persons.	Males.	Females.	Persons.	Males.	Females.	Persons.
Kieta ..	10,829	9,454	20,283	16,195	15,236	31,431	27,024	24,690	51,714
Madang ..	31,446	26,133	57,599	49,488	46,479	95,967	80,934	72,632	153,566
Manus ..	2,647	2,289	4,936	4,948	4,607	9,555	6,896	6,896	14,491
Morobe ..	29,675	26,400	56,075	43,216	40,793	84,009	72,891	67,193	140,084
New Britain ..	21,736	19,126	40,862	34,410	26,101	60,511	56,146	45,227	101,373
New Ireland ..	7,593	6,862	14,455	16,115	11,662	27,777	23,708	18,524	42,232
Sepik ..	34,796	29,598	64,394	47,374	47,496	94,870	82,170	77,094	159,264
Total ..	138,722	119,882	258,604	211,746	192,374	404,120	350,468	312,256	662,724

(a) Including 6,147 Mission scholars, constabulary, etc.

The number of natives indentured as labourers, mostly for plantation work, on 30th June, 1940, was 39,344, compared with 41,675 in the previous year.

§ 4. The Natives.

1. **General.**—The natives are divided into two main groups—Melanesian and Papuan—the former, with a few exceptions, constitute the population of the Bismarck Archipelago, the Solomon Islands, and of the coastal districts of the New Guinea mainland, while the latter inhabit the interior of the mainland. Odd tribes of Negritos exist in the mountains of New Guinea. There is a strain of Papuan, and, possibly, of Polynesian blood in the Admiralty Islanders, while the Western Islanders and the inhabitants of the small islands east and south-east of New Ireland are Micronesians. (See *Official Year Book*, No. 16, p. 670, and *Official Handbook of the Territory*, Pt. V.)

2. **Land Tenure.**—Native customs in regard to the ownership and use of land may be briefly outlined as follows. The ownership and use of the land are generally individual, although, in some rare cases, particularly in North Bougainville, the communal system exists. In districts where a great many coco-nut palms are growing on native lands it is often found that the land is the property of a chief or of one of the old men of the tribe, and that the coco-nut palms growing thereon are divided into small groves, and are the property of several members of the tribe. Customs with regard to the use of unoccupied forest lands vary. Right of inheritance to land is almost invariably through the maternal branch. (See *Official Year Book* No. 17, p. 634, and *Official Handbook of the Territory*.)

3. **Research Work.**—During the German occupation of the Territory a certain amount of research work was carried out, partly by scientific expeditions, and partly by missionaries and by a local resident. For many years an anthropologist was engaged consolidating the work already done, and extending it throughout the Territory. The results of his work appear in special reports.

4. **Education.**—The education of the natives is provided for in the Education Ordinance of 1922–1938 under which the Administrator is authorized to establish schools, grant money therefor, prescribe instruction, and arrange for the training of teachers and other matters. The expenditure on native education in 1939–40 was £8,274. Though the natives are liable to pay education tax, none has been collected since 1922–23. The European teachers have been seconded from the Education Department of Queensland. During the year ended 30th June, 1940, the following schools were maintained by the Administration :—Native elementary schools and native day schools, Malaguna, Tavui and Nodup, near Rabaul, and Kavieng and native elementary school at Chimbu (Morobe); native technical school, Malaguna; native agricultural school, Keravat. In addition there are schools for Europeans at Rabaul, Kavieng and Wau. A new day school for natives was opened at Pila Pila during the year.

A considerable amount of educational work is carried out by the missions, the schools maintained being of three classes; (a) elementary schools in villages; (b) intermediate boarding schools at head-quarters, and (c) high schools and technical schools. At 30th June, 1940, the various missions maintained 35 training centres, 44 high and technical schools, 158 elementary schools, and 2,329 village schools. The pupils numbered 65,598.

The missions also conduct schools for Chinese children in Rabaul and Kavieng.

The granting of assistance to mission schools is provided for by the Education Ordinance, but no grants have hitherto been made.

5. **Health of Natives.**—In a report dealing with the health of the natives in New Britain submitted before the War of 1914–19, it was stated that “the natives in the districts examined are not degenerate; but they are sick.” The same qualification undoubtedly applies to the native population throughout the Territory.

The diseases taking the greatest toll of native life directly or through lowering vitality are—Malaria, respiratory diseases, dysentery, frambœsia, yaws, tropical ulcer, hookworm, filariasis and beriberi.

The Health Department of the Administration consists of (i) a staff of medical officers and orderlies, including travelling doctors; (ii) native hospitals at Government stations and sub-stations (its staff also supervises hospitals on plantations); (iii) a laboratory; (iv) training system for natives as medical orderlies; (v) scheme of distribution of medical necessaries; and (vi) two leper-stations. It also undertakes the general oversight of sanitary conditions. The first Infant Welfare Centre in the Territory was opened in Malabunga in August, 1931.

6. **Missions.**—Several mission societies are operating in the Territory. The Society of the Sacred Heart of Jesus works in the Bismarck Archipelago, the Society of the Holy Ghost along the coast of North-East New Guinea from Sek to the Dutch border, the Marists in Buka and Bougainville. These are Roman Catholic Missions. The Protestant Missions are the Australian Methodist Mission in New Britain and New Ireland, the New Zealand Methodist Mission in Bougainville, the Liebenzell Mission in the Admiralty Group, the Lutheran Mission (supported and staffed by the Lutheran Churches in Australia and America), which works along the coast of North-East New Guinea from Sek to the Papuan border, the Melanesian Mission (Anglican) in New Britain, and the Seventh Day Adventist Mission in Bougainville and New Britain. All these societies include teaching and planting with their missionary work.

§ 5. Land Policy.

1. **Acquisition of Land.**—A short account of the modes of acquiring land appears in Official Year Book No. 19, p. 590, but considerations of space preclude its repetition.

2. **Land Policy of the Present Administration.**—The Land Ordinance 1922–1941 provides for sale as well as leasing of land belonging to the Administration. The divergence from the policy usually adopted by the British in the Pacific (including Papua), which provides for leasehold only, was made with a view to disposal by sale of the freehold properties taken over from Germans, and which until 1927 were controlled by the Expropriation Board. The general land policy is based on the leasehold principle. All grants or leases contain a reservation to the Administration of all minerals,

including mineral oil. Leases are for a term of 90 years except where a shorter period is provided. Lands, except in towns, are classified by a Land Board into land suitable for agriculture (Class A) and land not so suitable (Class B), and the unimproved value of the land is assessed. In the case of agricultural leases for more than 30 years the rent is 5 per cent. of the unimproved value, with power to remit during the first ten years, and subject to reappraisal every 20 years. Pastoral leases of lands of Class B may be granted for terms not exceeding 30 years, at a rental of 2½ per cent. of the unimproved value, subject to reappraisal every 10 years. Agricultural leases are subject to improvement conditions and pastoral leases to stocking conditions. Leases of town allotments may be granted for terms not exceeding 99 years, at a rent to be fixed at such percentage of the unimproved value as is prescribed.

The following table shows the leases in force on 30th June, 1940 :—

TERRITORY OF NEW GUINEA : LEASES IN FORCE, 30th JUNE, 1940.

Tenure.	No. of Leases.	Area.
		Acres.
Agricultural leases	434	138,571
Pastoral leases	3	9,496
Residence and business leases	318	331
Special leases	57	709
Mission leases	433	1,517
Chinatown leases	197	52
Long period leases from German régime ..	115	5,189

The area of the Territory is estimated at 59,517,593 acres, of which 903,403 acres had been purchased from the natives by the Administration to 30th June, 1940. This alienated land comprised 521,057 acres of freehold, 155,866 acres of leasehold, 199,951 acres held by the Administration, and 26,529 acres vested in the Director of District Services and Native Affairs as a trustee for natives. The area alienated in 1939-40 was 9,344 acres.

3. **Registration of Titles.**—Under German law there was a system of registration of titles in a "Ground Book," but registration did not confer an indefeasible title. The German system has been replaced by one modelled on the Torrens plan, embodied in an Ordinance entitled the Lands Registration Ordinance 1924-1939.

§ 6. Production.

1. **General.**—The natives have been described as a people of peasant proprietors, practising a crude form of agriculture. Their gardens and groves furnish but a small amount of produce for oversea trade, and the exports of the Territory grew only as European plantations were made, and natives were employed to work them. In recent years scientific methods of cultivation have been adopted, and production has been greatly increased thereby. Bounties are paid by the Commonwealth Government on cocoa beans and shells, hemp and coir, sago, vanilla beans, bamboos and rattans, spices and kapok produced in the Territory and exported direct to Australia for home consumption.

2. **Agriculture.**—(i) *General.* Under the supervision of the Director of Agriculture soil analysis has been undertaken in different parts of the Territory and an agricultural chemist was appointed recently to carry out this specialized work. A demonstration plantation has been established at Keravat where natives are being trained in tropical agriculture. A laboratory and a herbarium have been established, an entomologist and economic botanist engaged, and travelling inspectors appointed for the purpose of combating plant pests. Experiments are being carried on with a variety of crops. The foregoing measures, in conjunction with the Papua and New Guinea Bounties Act 1937 and the preference given by the Commonwealth Tariff to certain produce grown in the Territories, have greatly stimulated tropical agriculture.

(a) *Coco-nuts*. Coco-nut growing was, prior to the outbreak of war in September, 1939, by far the most important industry in the Territory, but low prices followed by the collapse of the world copra market have checked expansion during recent years. Exports of copra declined in value from £727,949 in 1938-39 to £504,627 in 1939-40. The export of copra reached its peak in 1936-37 when 76,409 tons valued at £1,231,309 were shipped.

(b) *Tobacco*. Many planters are cultivating tobacco to cater for the local market. Two companies have manufactured tobacco suitable for issue to the natives or for trade. In some instances planters are issuing the dry leaf to the native labourers who make their own cigars and cigarettes.

(c) *Cotton*. In 1924-25 the Government obtained 1,615 lb. of cotton seed, and cultivation was tried at the experimental stations as well as by private planters, including a few natives, but little progress has been made.

(d) *Kapok*. The cultivation of kapok was continued on a small scale. The local demand is more than sufficient to absorb the available crop.

(e) *Cocoa*. Greater interest is being displayed in the cultivation of cocoa. The quality of the beans produced is good, and 235 tons, or an increase of 56 tons over the previous year's figures, were exported during 1938-39.

(f) *Desiccated Coco-nut*. Three desiccated coco-nut factories have been established in the Territory. The quantity exported during 1938-39 was 1,590 tons.

(g) *Coffee*. Two plantations of coffee are in satisfactory condition and are commencing to yield. Thirty-eight tons of coffee valued at £843 were exported during 1938-39. The coffee is of good quality and is well received on the Australian market.

(h) *Rubber*. The tapping of rubber trees was increased during the year mainly because of the satisfactory price of rubber.

(i) *Other Crops*. The climate and soil of New Guinea are suitable for the cultivation of rice, Manilla hemp, cinchona, nutmeg, vanilla, peanuts and maize, but hitherto their cultivation has either not advanced beyond the experimental stage or has been attempted on a small scale only. Sugar-cane of many varieties flourishes, and the natives cultivate extensive areas for their own use; other indigenous food-producing plants include the sago palm and the cassava.

(j) *Plants Yielding Power Alcohol*. It seems probable that alcohol for power purposes will be produced economically. The sago palm and nipa palm yield as much as 60 gallons a ton, and in places are abundant.

(ii) *Plantations*. During 1934-35 the Administration disposed of the several plantations maintained by it with the exception of the demonstration plantation at Keravat. The principal crops grown on plantations are shown in the table hereunder for the year ended 30th June, 1940. The figures are not complete, but they give an indication of the progress of agriculture in the Territory.

TERRITORY OF NEW GUINEA : PLANTATIONS, 1939-40.

(Excluding Native Reserves.)

Crop.				Area Planted.(a)	Area Bearing.	Yield.
				Acres.	Acres.	Tons.
Coco-nuts .. .. .	..	..	..	261,676	210,954	(b)71,583
Cocoa .. .. .	..	..	..	5,827	2,301	570
Coffee .. .. .	..	..	..	2,792	1,935	56
Rubber .. .. .	..	..	..	2,481	1,591	95
Kapok .. .. .	..	..	..	556	321	15
Native Food (c) .. ..	..	..	..	3,289	1,453	2,099
Other .. .. .	..	..	..	912	106	..
Total				277,533	218,661	..

(a) Including inter-planted crops.

(b) Copra : Desiccated coco-nut, 666 tons, also produced.

(c) Native food of all kinds is mostly grown between young coco-nut palms not yet in bearing.

The area of plantations at various periods from 1885 to 1940 is shown hereunder. As in the case of the previous table, the figures are exclusive of native plantations :—

TERRITORY OF NEW GUINEA : PLANTATIONS.

Year ended June—				Total Area.	Area Planted.	Area under Coco-nuts (including Area not in Bearing).
				Acres.	Acres.	Acres.
1885	..	..	..	148	(a)	(a)
1895	..	..	..	2,152	(a)	(a)
1911	..	..	..	58,837	(a)	51,510
1914	..	..	..	84,488	(a)	76,847
1924	..	..	..	411,275	(a)	172,373
1932	..	..	..	460,942	216,730	211,882
1937	..	..	..	487,375	244,066	234,189
1938	..	..	..	496,118	262,547	239,976
1939	..	..	..	504,000	264,877	253,235
1940	..	..	..	525,965	277,533	261,676

(a) Not available.

3. **Live Stock.**—The coco-nut plantations are now of a sufficient area to maintain numerous live stock, the stock being depastured on the indigenous grasses growing between the rows of palms. In 1939-40 there were 1,323 horses, 20,494 cattle, 1,184 sheep, 9,327 goats, and 6,160 pigs (exclusive of the large number of pigs kept by the natives).

4. **Timber.**—An investigation of the timber resources has been made by the Commonwealth Inspector-General of Forests, and a report in connexion therewith was published in 1926. According to this report, while offering no prospects of immediate gain to large sawmilling interests, the Territory possesses forest potentialities of a high order. A recent survey of the timber resources of the Morobe District has indicated, however, that a pine forest in the Bulolo Valley contains approximately 200 million super. feet of millable timber ; it is proposed to harvest this forest over a period of years and progressively to re-afforest the area. In North-East New Guinea the Lutheran Mission and the Holy Ghost Mission both possess up-to-date sawmilling plants, while most of the timber required in the Archipelago is supplied by the Sacred Heart Mission's sawmill and three privately owned mills in New Britain. Timber cut on permit areas during 1939-40 was 3,961,884 super. feet in the log. The exports, confined almost entirely to timber in the log, amounted to 1,718,916 super. feet in 1938-39.

The Forestry Ordinance 1936-1937 provides for the issue of permits and licences to cut timber. Timber growing on native lands cannot be acquired by private purchasers directly from the natives, but must be obtained through the Administration. A royalty is payable on all forest produce taken under a permit or licence. Seven timber permits were issued during 1939-40 and seventeen permits were in force at 30th June, 1940, embracing an area of approximately 118,806 acres.

5. **Fisheries.**—The wealth of the waters of the Territory has been little exploited. Fish is caught at many places along the coast to supply the small local demand of the natives and of the few resident Europeans. Pearl-shell is exported in fair quantities, while bêche-de-mer, trochus-shell and tortoise-shell also figure amongst the exports. The value of marine products exported in 1938-39 was £12,674, compared with £14,819 in the previous year.

6. **Mining.**—Except for gold there has been little mining in New Guinea. Gold has been discovered on the Waria, the Ramu, the Francisco, and the Markham Rivers, and recently in tributaries of the Sepik River. Rich gold was discovered in the Morobe District in 1926 ; the field is situated about 60 miles (35 by air) inland from Salamaua, the nearest coastal port. Communication has been established with the coast by a

regular aeroplane service. Osmiridium is reported to have been found on the upper tributaries of the Ramu, and platinum on the Kabenau River. Copper has been discovered in the form of chalcopyrite and malachite in the Baining District. Iron occurs as magnesite and hæmatite in the Baining District, apparently in large quantities. Sulphur occurs in several localities in the volcanic regions of the Territory. Brown coal has been found on the mainland in the vicinity of Astrolabe Bay, and in the southern portion of New Ireland.

Mining is regulated by the Mining Ordinance 1928-1940. Copies of the Ordinance and Regulations made thereunder may be obtained from the Secretary, Prime Minister's Department, Canberra, or the Administrator, Rabaul.

The following table shows the production of gold during the past five years :—

TERRITORY OF NEW GUINEA : GOLD PRODUCTION.

Year.					Quantity.	Value.(a)
					<i>Fine oz.</i>	£
1935-36	..	..	..	..	190,848	1,657,071
1936-37	..	..	..	..	223,120	1,938,694
1937-38	..	..	..	..	223,929	1,935,954
1938-39	..	..	..	..	237,705	2,153,018
1939-40	..	..	..	..	278,922	2,917,526

(a) Valued at average price realized for fine gold in Australia.

Since the high market price of gold has been maintained, the search for profitable areas in various parts of the Territory has not diminished and systematic testing by drilling and other means has been undertaken on alluvial areas previously considered unworthy of attention. Although there were no new discoveries of alluvial or reef gold during the year work proceeded steadily on the known gold-bearing areas.

A search for petroleum is being actively conducted on the mainland. The Petroleum Ordinance 1936 has been superseded by the Petroleum (Prospecting and Mining) Ordinance 1938-1939, which has facilitated the carrying out of geological surveys and prospecting activities generally. On 30th June, 1940, two permits to search for petroleum were in force.

§ 7. Trade.

1. **Customs Tariff.**—With the exception of high revenue rates on ale, spirits, beverages and tobacco and a duty of 3d. per gallon on petrol, kerosene and lubricating oil, the tariff of the Territory of New Guinea is generally on a 10 per cent. ad valorem basis. Only 55 items are mentioned in the import schedule, of which approximately 32 are on the free list consisting of articles for use by the Administrator, the Trade Commissioners and the Missions, medical supplies, live stock, meat, fish, fresh fruit, vegetables and certain essential manufactures for use in the Territory. The rate of duty for the remaining items as well as for all other goods not mentioned in the schedule is 10 per cent. ad valorem. No preferential tariff rates are provided in the schedule.

Export duties are levied on copra, trepang, shell, feathers and sulphur. When the price, or the assessed value of copra is less than £5 15s. per ton no tariff is imposed, but when the price exceeds this figure up to £11 per ton 2s. 6d. per ton is charged, which increases on a sliding scale to 11s. 6d. per ton as the price rises to £18, with an additional 2s. per ton for every further increase of £1 in the price of copra. The imports in 1938-39 amounted to £1,340,835. In 1939-40 £186,695 was received in import duties, while £7,820 was paid in export duties and royalties.

Provision is made in the Australian Customs Tariff (Papua and New Guinea Preference) 1936 for the free entry into Australia of certain goods produced and imported direct from the Territory of New Guinea (see Chapter XXIII. "Trade"), and a proclamation of 25th September, 1935, exempted from primage duty goods the produce or manufacture of the Territory.

2. Imports and Exports.—Values of the principal items of imports and exports for the years 1934-35 to 1938-39 are shown hereunder. Later particulars are not available for publication. The values of exports are expressed in Australian currency, but it is not possible to determine accurately the currency of the £ in the table of imports.

TERRITORY OF NEW GUINEA : IMPORTS AND EXPORTS.

Particulars.	1934-35.	1935-36.	1936-37.	1937-38.	1938-39.
IMPORTS.					
	£	£	£	£	£
Foodstuffs of animal origin ..	94,417	127,110	142,943	157,391	152,023
Foodstuffs of vegetable origin ..	121,146	159,287	186,732	190,657	158,895
Spirituous and alcoholic liquors ..	44,215	50,665	50,550	52,385	54,969
Tobacco and preparations thereof	38,777	53,213	59,045	58,155	63,122
Live animals	1,630	1,617	1,870	1,843	1,328
Animal substances	223	636	1,227	961	1,124
Vegetable substances and fibres	2,355	3,884	3,539	4,191	3,307
Apparel, textiles and manufac-					
tured fibres	117,670	171,092	152,923	182,590	138,077
Oils, fats and waxes	41,374	72,956	56,982	72,080	65,901
Paints and varnishes	10,472	13,599	14,422	11,044	10,934
Stones and minerals	8,741	12,291	14,039	16,030	8,164
Metals, manufactures and mach-					
inery	312,218	426,007	431,216	635,991	470,781
Rubber and leather and manu-					
factures	12,028	15,222	13,810	15,663	16,365
Wood and wicker	13,650	26,279	28,860	33,565	29,195
Earthenware, cement, glass, etc.	18,236	13,897	17,113	14,251	13,215
Paper and stationery	16,777	23,583	22,917	24,026	22,829
Jewellery and fancy goods ..	11,014	12,764	11,282	21,328	14,133
Optical and scientific instruments	17,521	22,019	18,610	21,377	22,318
Drugs, chemicals and fertilizers ..	30,905	38,716	44,907	46,878	46,163
Miscellaneous	35,035	45,951	38,636	50,561	47,992
Specie	4,589	133,600	80,400	31,500	..
Total	952,993	1,424,388	1,392,023	1,642,467	1,340,835
EXPORTS.					
	£	£	£	£	£
Copra	361,413	761,309	1,231,399	847,734	727,940
Cocoa	3,479	3,810	6,600	4,475	6,580
Ivory nuts	186	552	767	162	..
Trepang	5,800	5,025	1,350	2,250	2,025
Shell (trochus, etc.)	20,115	24,570	26,960	12,478	10,560
Tortoise-shell	82	103	50	91	89
Gold	1,897,244	1,704,498	2,020,667	2,028,980	2,129,263
Desiccated coco-nut	45,080	65,880	86,930	73,423	69,960
Rubber .. ..	..	..	..	242	4,050
Miscellaneous	7,225	7,504	45,073	25,334	23,419
Total	2,340,624	2,573,251	3,419,706	2,995,169	2,973,895

3. **Direction of Trade.**—Particulars of the countries of origin of the imports into the Territory of New Guinea and the destination of the goods shipped therefrom during the years 1936–37 to 1938–39, are given in the following table. Later particulars are not available for publication.

TERRITORY OF NEW GUINEA : DIRECTION OF TRADE.

Country.	Imports.			Exports.		
	1936–37.	1937–38.	1938–39.	1936–37.	1937–38.	1938–39.
	£	£	£	£	£	£
Australia ..	620,079	604,523	563,594	2,359,261	2,253,304	2,326,269
United Kingdom ..	148,551	159,215	154,501	289,210	172,355	337,605
Other British ..	83,490	64,920	48,163	6,523	480	..
China ..	57,705	67,165	69,831	3,445	2,528	17,428
Japan ..	73,747	98,585	46,627	10,027	8,620	7,445
France ..	2,955	3,875	3,806	..	16,480	6,193
Germany ..	63,084	70,886	71,245	95,991	75,124	31,829
U.S.A. ..	215,223	434,129	265,591	49,359	..	..
Other ..	127,189	139,169	117,477	614,890	466,278	247,126
Total ..	1,392,023	1,642,467	1,340,835	3,419,706	2,995,169	2,973,895

The bulk of the imports into the Territory of foodstuffs, beer, coal, paints, boats, launches and soap comes from Australia, which also supplies large quantities of machinery and metal manufactures, drugs, explosives, tobacco, cigarettes, apparel, boots, leather manufactures, timber, stationery and polishes.

§ 8. Shipping and Communication.

1. **General.**—A subsidized mail service between New Guinea and Australia is maintained by Burns, Philp and Coy. Ltd., which company also operates a two-monthly non-subsidized service between Australia, New Guinea, Hong Kong and Saigon. The Dutch Royal Packet Navigation Company's vessel calls at Rabaul every five weeks en route from Singapore to Australia. Shipping within the Territory is regulated by the Shipping Ordinances 1936 and the Coastal Shipping, Ports, and Harbours Regulations.

2. **Oversea Tonnage in 1938–39.**—The number and net tonnage of oversea vessels which entered and cleared the Territory during 1938–39 are shown hereunder. Later particulars are not available for publication.

TERRITORY OF NEW GUINEA : SHIPPING, 1938–39.

Nationality.	Vessels Entered.		Vessels Cleared.		Total.	
	Number.	Tonnage.	Number.	Tonnage.	Number.	Tonnage.
British	84	273,706	85	275,369	169	549,075
Dutch	5	15,303	5	15,303	10	30,606
Norwegian	2	4,733	2	4,733	4	9,466
German	7	10,290	7	10,290	14	20,580
Japanese	14	21,897	14	21,897	28	43,794
Total	112	325,929	113	327,592	225	653,521

3. **Local Shipping.**—Inter-island shipping services were maintained by the steamers and motor vessels of Burns, Philp and Coy. Ltd., and W. R. Carpenter and Coy. Ltd. A number of smaller motor vessels were also engaged in this trade.

4. **Land Communication.**—Means of communication on land are scanty. There are no railways. Roads lead from Rabaul to places within 30 or 40 miles, and there is a road 200 miles long in New Ireland. Elsewhere there are few roads outside plantations and the District Officers' stations. The large rivers of the mainland are as yet but little used.

There is a high-power wireless station at Rabaul, and low-power installations at the out-stations, including Salamaua and Wau.

5. **Communication by Air.**—The discovery of gold in New Guinea has resulted in great aviation activity in the vicinity of the gold-fields. On account of the mountainous country and dense undergrowth between the coast and the gold-fields the task of transporting food and stores to the fields and of bringing the gold to the seaboard by land is an irksome and costly process. The fields are situated about 60 miles (35 by air) inland from Salamaua, and whereas aircraft cover the distance in approximately an hour, the nature of the country is such that a journey by other means occupies more than a week. During 1931–32 an air service was established between Port Moresby and the gold-fields, reducing the time occupied by the journey from Australia by about seven days. At 30th June, 1940, 43 aeroplanes were operating in New Guinea.

A weekly subsidized air service between Sydney and Rabaul came into operation on 30th May, 1938. Passengers and mails are carried and the route followed is Sydney, Brisbane, Rockhampton, Townsville, Cairns, Cooktown, Port Moresby, Salamaua and Rabaul.

Further reference to New Guinea air activities is contained in Chapter V. "Transport and Communication" (see p. 123).

§ 9. Revenue and Expenditure.

Details of the revenue collected from various sources and the expenditure during each of the last five years are given hereunder :—

TERRITORY OF NEW GUINEA : REVENUE.

Particulars.	1935–36.	1936–37.	1937–38.	1938–39.	1939–40.
	£	£	£	£	£
Taxation—					
Customs(a)	207,172	233,657	247,062	214,629	207,261
Licences	10,900	12,654	13,087	13,796	12,667
Native Head Tax	19,641	21,859	20,481	21,417	20,025
Stamp duties	5,689	6,861	6,182	6,467	5,978
Postal	16,333	25,208	47,240	27,163	20,340
Lands	15,485	17,006	16,179	18,416	15,281
Mining—					
Royalty on gold	81,169	97,622	97,464	107,975	143,906
Other	18,996	24,154	19,479	16,403	40,297
Fees and fines	29,342	24,377	19,285	17,947	16,155
Sales of stores, etc.	1,615	2,605	2,472	2,170	2,428
Miscellaneous	13,578	15,067	17,467	14,453	12,351
Total	419,920	481,070	506,398	460,836	496,689

EXPENDITURE.

	£	£	£	£	£
Treasury and Audit	44,851	66,177	52,570	54,736	60,628
Agriculture	14,001	15,851	17,722	19,424	20,337
Public Justice	30,549	31,209	32,809	34,245	34,530
Public Health	68,153	73,191	80,377	89,784	85,207
Public Works	27,260	29,228	30,954	34,802	28,097
District Services and Native Affairs	97,694	109,705	115,648	125,877	127,296
New Works	76,760	66,223	70,011	69,145	63,257
Native Welfare	6,993	6,177	7,185	6,453	6,621
Other	59,533	62,357	61,013	68,114	74,641
Total	425,794	460,118	508,613	502,580	500,614

(a) Including harbour dues, wharfrage and storage fees.
to the volcanic eruption.

(b) Including £40,011, expenditure due

NAURU (Mandated).

1. **General.**—Nauru is an oval-shaped atoll about 12 miles in circumference, having an area of about 5,263 acres, of which approximately two-thirds is phosphate-bearing. It is situated in longitude 166° E., and is 26 miles south of the Equator. Portion of the island between the sandy beach and the coral cliffs is fertile, and it is there that the Nauruans reside. With the exception of a small fringe around an inland lagoon, the plateau which contains the phosphate deposits possesses few food plants and is uninhabited, but portion of the area has been planted with fruit trees. The system of land tenure is governed by an old custom, and, with the exception of small allotments held by the Government, the British Phosphate Commissioners and the Missions, the whole of the island is owned by individual natives. The average shade temperature ranges between 72° and 95° F., and the average humidity between 70 and 80. The average rainfall is 85 inches, but droughts occasionally occur, and in 1916 and 1917 only 40 inches were received for the two years. Similarly in 1938 only 20·94 inches were recorded.

2. **History.**—The island, discovered by Captain Fearn in 1798, was annexed by Germany in 1888, and prior to 1914 was part of the protectorate of German New Guinea.

In November, 1914, Nauru was occupied by a detachment from the Australian Naval and Military Expedition at Rabaul, and it was included in the cession of colonies made by Germany in 1919 to the Allied and Associated Powers, whose representatives agreed that a mandate for its administration should be conferred upon His Britannic Majesty. The mandate, which is in similar terms to that for the Territory of New Guinea, was confirmed by the Council of the League of Nations on the 17th December, 1920. On 2nd July, 1919, the British, Australian and New Zealand Governments agreed that the administration (which, since 1915, had been in charge of an official appointed by the British Colonial Office) should be vested in an Administrator who took up duty in June, 1921. The first Administrator was appointed for a term of five years by the Australian Government; on the expiration of his service, it was extended for another five years, and he resigned in 1927. The second Administrator was appointed in June, 1927. The third Administrator was appointed in January, 1933, and the fourth in October, 1938. The Agreement between the three Governments was approved by the Commonwealth Parliament in the Nauru Island Agreement Act 1919, and is shown in the Schedule to that Act. A supplementary agreement concerning Nauru was drafted in May, 1923, and ratified by the Commonwealth Parliament by the Nauru Island Agreement Act 1932.

3. **Administration.**—The administration of the island is vested in the Administrator, who is obliged to conform to instructions issued by the Government which appointed him, and all ordinances made by him are subject to confirmation or disallowance by the Governor-General of Australia acting on the advice of the Federal Executive Council. All administration expenses are met from local revenue. Native industries such as canoe-building, fishing, mat-making, etc., are encouraged by the provision of prizes at annual competitions. An agency of the Commonwealth Savings Bank has been established. There is a co-operative store managed to a large extent by the natives. The store books, however, are audited by Government officers. Natives are not allowed to carry or be in possession of firearms, and the use by them of intoxicating liquors and deleterious drugs is prohibited.

4. **Population.**—The population figures on 1st April in each of the years from 1936 to 1939 and on 31st December, 1940, are given hereunder :—

NAURU : POPULATION.

Nationality.	1936.	1937.	1938.	1939.	1940.
Europeans	179	194	179	171	192
Chinese	1,092	1,261	1,533	1,512	1,350
Nauruans (a)	1,647	1,658	1,727	1,765	1,761
Other Pacific Islanders	4	4	27	44	49
Total	2,922	3,117	3,466	3,492	3,352

(a) The natives of Nauru are Micronesians.

Births in 1940 numbered 69 (66 Nauruans, 1 European, 1 Chinese and 1 other Pacific Islander). There were 22 marriages (19 Nauruans), and 37 deaths (34 Nauruans and 3 Chinese).

5. *Health*.—Cases of the usual diseases known in the Pacific occur. Venereal disease is rare, but elephantiasis is occasionally met with. An area has been set apart for the segregation of lepers, and the latest methods of treatment are applied. The total number of persons receiving treatment at 31st December, 1940, was 136, of whom 44 were in the Leper Segregation Hospital. Two hospitals are maintained on the island, one by the Administration for Nauruans, and one by the British Phosphate Commission for its employees. In common with other natives, the Nauruans are very susceptible to tuberculosis and influenza, and in 1921 an influenza epidemic caused the deaths of 230 islanders. Dysentery, both amoebic and bacillary, is endemic. A regular anti-mosquito campaign is conducted. Steps have been taken by the authorities to improve the water supply and to provide efficient sanitation generally. Every Nauruan is required to undergo a medical examination once a month. Baby clinics have been established to give help and advice to Nauruan mothers in regard to infant nurture.

6. *Education*.—Formerly the education of Nauruan and other native children was undertaken by the Missions subsidized by the Administration, but on 1st October, 1923, the Administration assumed responsibility for education. At the close of 1940 there were seven primary and two post-primary schools for natives and a primary school for European children. A total of 37 European children and 609 native children were receiving instruction. The school for European children is in charge of a teacher on loan from the Education Department of Victoria who also supervises educational matters generally. The curriculum is similar to that of corresponding schools in Australia, and the teaching is, as far as possible, wholly in English. Education is compulsory between the ages of six and sixteen for Nauruan and other native children; after the termination of ordinary school attendance, twelve months are devoted to technical training. Arrangements are made to permit the children to attend classes in religious instruction conducted at the Mission churches. Educational classes for adults have been inaugurated. Units of the Boy Scouts and Girl Guides (Nauruan) have been established on the island.

7. *Judiciary*.—The judicial power is vested in the Administrator in a Central Court and a District Court. The right of appeal is provided.

8. *Religion*.—The London Missionary Society (Protestant) and the Sacred Heart of Jesus Mission (Roman Catholic) operate in Nauru.

9. *Phosphate Deposits*.—(i) *General*. From 1906 to 1919 the deposits were worked by the Pacific Phosphate Company, which also worked the deposits on Ocean Island (about 165 miles east of Nauru and part of the Gilbert and Ellice Islands Colony administered by the Colonial Office). The quantity on Nauru has been estimated at not less than 50,000,000 tons, and the exports average 85 per cent. to 88 per cent. of tricalcium phosphate.

The interests of the Pacific Phosphate Company in the two islands (though not in other islands in the Pacific in which it had workings) were bought by the British, Australian and New Zealand Governments in 1919 for £3,500,000 the purchase money being contributed in the proportions of 42, 42, and 16 per cent. respectively. The Agreement of 2nd July, 1919, provides for the working of the deposits by the British Phosphate Commission of three members, one appointed by each Government; and the three countries are to receive the output in the same proportions of 42, 42, and 16 per cent.

(ii) *Royalty on Phosphate*. By an agreement entered into between the British Phosphate Commissioners and the Nauruan landowners in 1927 provision was made, *inter alia*, for the payment of a royalty of 7½d. per ton of phosphate exported as follows:—

- (a) 4d. per ton to be paid to the Nauruan landowner concerned;
- (b) 1½d. per ton to the Administrator for the benefit of the Nauruan people;

- (c) 2d. per ton to the Administrator to be held in trust for the Nauruan landowner concerned and invested at compound interest for a period of 20 years. The capital will then remain invested and the interest thereon will be paid to the landowner.

The rates specified above were to have effect for a period not exceeding 20 years on and from 1st July, 1927, but the royalty of 4d. per ton to the Nauruan landowner was subject to adjustment for the second, third and fourth five-yearly period by increasing or decreasing it pro rata to any increase or decrease of the export price of the phosphate. The royalty for the second five-yearly period was increased to 4½d. per ton.

In June, 1937, the price of phosphate had fallen to 14s. per ton and consequently under the terms of the original Agreement the royalty would have been reduced to 1½d. per ton. By an amendment of the Lands Ordinance in 1939 the agreement was extended for a period of 20 years, or to 30th June, 1967. The royalty of 2d. per ton paid to the Administrator to be held in trust and invested was increased from 1st July, 1937, to 2½d. per ton. From the same date a royalty of 4d. per ton was paid to the Nauruan landholders instead of 1½d. per ton under the original Agreement. This rate is subject to adjustment at the end of five years, and from 1st July, 1947, is to be 5d. per ton if the price of phosphate is 12s. per ton or less, with an additional ½d. per ton for each 1s. above 12s. up to a maximum royalty of 6d. per ton.

The amending Ordinance also increased, from 1st July, 1947, the lump sum to £45 per acre and to £7 10s. for areas less than 1 acre, payable to landowners from whom phosphate-bearing lands are leased.

(iii) *Nauru and Ocean Island Phosphate Industry.*—The following table gives particulars regarding exports of phosphate during the years 1934-35 to 1938-39. Later particulars are not available for publication.

NAURU AND OCEAN ISLAND : EXPORTS OF PHOSPHATE.

Year.			Total.	To Australia.	To New Zealand.
			Tons.	Per cent.	Per cent.
1934-35	..	..	694,726	61.14	30.43
1935-36	..	..	831,847	67.34	23.94
1936-37	..	..	1,007,990	67.86	24.22
1937-38	..	..	1,169,361	66.17	24.81
1938-39	..	..	1,228,590	67.06	23.63

From Nauru alone during the calendar year 1939 the export was 932,100 tons.

(iv) *Accounts of Commission.* A statement for the five years ended June, 1940, is given hereunder :—

NAURU AND OCEAN ISLAND : SALES OF PHOSPHATE.

Heading.	1935-36.	1936-37.	1937-38.	1938-39.	1939-40.
	£	£	£	£	£
Receipts from Sales, etc. ..	835,148	916,690	944,068	909,027	1,041,418
F.o.b. cost, including interest on capital, sinking fund, etc.	828,818	910,673	940,059	906,133	1,037,208

The amount due by the British Phosphate Commission to the partner Governments for purchase-money and other capital sums was £3,666,457 on 30th June, 1921, and at 30th June, 1940, this had been reduced to £3,084,058. The f.o.b. cost in 1939-40 includes a sum of £224,054 consisting of interest at 6 per cent. upon the purchase-price and a contribution to a sinking fund for the redemption of the capital debt in 50 years. The redemption fund now totals £447,442.

(v) *Employees.* Apart from a limited number of Europeans and a few Pacific Islanders, the employees are Chinese engaged under a three years' contract. A few Nauruans are employed occasionally.

10. *Trade.*—The Customs Tariff of Nauru provides for the free admission of all goods other than cigars, cigarettes, tobacco, spirits, wines, beer, cider, and perry, and cylinder blocks for motor cycle engines. Articles imported by the Administration for its own use and spirits for scientific purposes are exempt.

The Tariff rates apply to all countries alike. Information regarding imports and exports for the years 1935 to 1939 is appended in the table below. Later particulars are not available for publication.

NAURU : IMPORTS AND EXPORTS.

Heading.	Year ended 31st December—				
	1935.	1936.	1937.	1938.	1939.
Imports .. £	168,595	154,940	144,454	272,256	170,624
Exports—					
Phosphate .. tons	480,950	547,400	688,900	841,050	932,100
£	474,393	469,607	513,989	546,683	605,974

Of the total imports Australia supplied £94,267 or 55 per cent. during 1939; the balance came mainly from Borneo, United Kingdom, China, United States of America and New Zealand in that order.

Phosphates were exported principally to Australia, 588,150 tons, and New Zealand 258,950 tons.

11. *Revenue and Expenditure.*—The revenue and expenditure of the Administration during the years 1936 to 1940 were as follows :—

NAURU : REVENUE AND EXPENDITURE.

Heading.	Year ended 31st December—				
	1936.	1937.	1938.	1939.	1940.
	£	£	£	£	£
Revenue	24,906	53,343	29,428	33,084	27,104
Expenditure	23,989	29,311	30,287	29,391	26,223

Of the revenue in 1940, royalty on phosphate amounted to £20,351, Post Office receipts £748, capitation tax £1,517, import duty £1,286, interest on investments £1,606, and harbour dues and shipping fees £280. At the close of 1940 the accumulated funds of the Administration amounted to £58,225.