SUBJECT.

The Effect of Australian Administration on New Guinea.

Thesis for the Degree of M.A.

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The Effect of Australian Administration on New Guinea.
WORKS CONSULTED.


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The Administration of New Guinea by Australia dates from September 1914 when the Commonwealth Government sent an Expeditionary force to take possession of the north eastern section of the island. The Administration then set up was a purely military one and remained so until 1921 when a Civil Administration was established.

Extent of Territory.

At the outset it would be well to define what territory is actually embraced by the term New Guinea. The name is misleading in that it applies only to the Mandated Territory and the greater part of the island of New Guinea does not lie within the jurisdiction of the Mandate but is in the hands of either the Netherlands Government or the Australian Government (Papua).

Actually the Territory of New Guinea consists of the north eastern part of the island of New Guinea, the Bismarck Archipelago (New Britain, New Ireland, Lavongai - New Hanover - the Admiralty Islands and a number of outlying groups) and the northern islands of the Solomon group (Burka and Bougainville). On the island of New Guinea there are land boundaries between the Territory and Dutch New Guinea and between the Territory and Papua. The area of the Territory is about 93,000 square miles.
Early Australian Interest.

Australia very early showed an interest in the north eastern section of New Guinea and the beginning of our Federal movement is closely connected with its history. The story of Queensland's annexation of New Guinea as early as 1882 and Britain's subsequent disavowal of it, intimating that the Queensland Government had taken to itself powers which it did not possess without apparent necessity, is well known and later events proved that the action of Sir Thomas McIlwraith, Premier of Queensland, was not without justification.

This action on the part of the mother country caused widespread resentment partly because of the fact that the Home Government did not believe that Queensland was disinterested because of her labour problem, and partly because it showed a lack of appreciation of the needs of the colony in that annexation was necessary for Australia's protection. This episode was one of the reasons for Australian federation in that, for the first time, all States found themselves linked by a common aim and could see the necessity for joint action.

Since that date Australia has watched New Guinea closely and with a good deal of concern, especially after the Germans established themselves in that part of the island that Great Britain had refused to annex. This concern was the result of a feeling of insecurity arising from the fact that Australia
felt that the island could effectively furnish naval bases for German ships. Obviously the Australian Government was far from sharing the British view that there was nothing to fear from any foreign power. The second reason for Australian hostility to the newly established German Protectorate was the fact that German expansion in the Pacific was to a certain degree at the expense of Australia's island trade.

It was not until thirty-one years after the first annexation that the Australian Government once more demonstrated how vital it was that Australia have no enemy nation so close to its shores by sending a force to take possession of the German possessions in New Guinea.

In order to assess the effects of the Australian administration on New Guinea it will be necessary to deal at some length with the conditions prevailing under the German regime in order to show the modifications and their results which have taken place both during the rule of the Military Administration and since 1921 during the Civil Administration, for both of these forms of control, exercised by Australia, differed widely.

**Conditions under the German Regime - Company rule.**

In 1884 Germany decided that parts of the north side of New Guinea might be valuable for German enterprise and so the German flag was hoisted at a place which was called Kaser-Wilhelmsland.
At first the German Government allowed the Administration of the mainland, the Bismarck Archipelago and the German Solomons, to be left to the chartered New Guinea Company. When this company failed in 1899 the Government took over active control and began a policy of complete exploitation of the country.

Problems of the Company.

The Company had a very chequered career and had to face many difficulties. The chief of these were in connection with the natives who were of different racial types but all alike in that they disliked continuous work. Much of the hostility shown to the Company was due to the labour traffic, but the recruiting had to go on for the New Guinea Company consisted of shareholders, who wanted a return for their money. Added trouble was caused by the fact that not only Germans recruited labour from the Bismarck Archipelago and the Solomon Islands, but all the Pacific Powers, and wherever recruiting had been carried out, there the Germans met opposition.

Usually the German Companies treated their natives reasonably well, but the natives bitterly resented being taken away on ships with no knowledge of their destination and unaware of how long they had to stay. This attitude of the natives was partly due their exaggerated localism which is characteristic of New Guinea tribes.

The natives were recruited for plantation work which was to be carried out on a large scale. For this, of course,
plenty of cheap labour was necessary and so an elaborate system of regulations was set up regarding the recruiting of native labour. Had they been followed the Company may have averted its failure. However, in spite of regulations dealing with the health of natives who were transported as well as rules relating to permission to recruit natives from certain districts only, and the number allowed to be recruited, there was widespread carelessness concerning labourers' hours of work and pay with the result that bitterness arose between labourers and employers.

The only recruiting regulations which were systematically carried out were those relating to native health and in this direction the Company did effective work. Doctors were provided for native labourers and epidemics were dealt with.

Experiment in Asiatic Labour.

In spite of all efforts to develop the Territory through native labour it was soon apparent that large scale production was only possible if the labour problems were solved by the importation of labour. To this end Chinese coolies and Malays were introduced.

But the Company recruited in the wrong areas and obtained unsuitable material. The importation of Chinese coolies proved a failure and the Dutch forbade Malays to leave Dutch Territory because of the unsatisfactory conditions in the German Colony. Heavy mortality was experienced by the planters and the
German colonies earned the reputation of being places of death.

This costly experiment in Asiatic labour together with the deadliest enemy the colony had to fight - Malaria - proved too much for the New Guinea Company and in 1899 the Imperial German Government withdrew the privileges of the commercial organization in return for an indemnity of four million marks and liberal land concessions. The Company had failed through inefficiency and had achieved little during the years of its administration.

Direct German Government Control.

The German Government set out to follow a definite policy based on the exploitation of the country in Germany's interests. The natives were regarded solely as a means to an end, that end being the development of the country in the interests of the white settler. There is no evidence of the Government ever having regarded the native population as anything better than an "asset" to be used in the exploitation of the country. They were to be reasonably well treated or they would not work, but they could be flogged if that would make them work better.

In the early years the Government had to face many failures but the German Protectorate of New Guinea with its well laid out townships and plantations which the Australian troops found in 1914 was a credit to its builders. During the
whole of its administration the German Government was embarrassed by murders on the part of the natives and labour troubles, and every year saw a punitive expedition even though it was generally recognized that such expeditions were useless, in that they only led to reprisals and not to the establishment of order. Seven such expeditions occurred in the Kieta district alone in one year and the story was much the same everywhere.

**Indirect Rule.**

During the early period of the Government's regime it seemed that it would be a failure because the natives became antagonized as a result of these punitive expeditions carried out in connection with murders by natives. However, the Administration partly won over the natives by establishing a system of indirect rule whereby those natives regarded by their tribes as chiefs were recognised by the Government as such. The Australian Administration has carried on this practice which empowers chiefs to settle certain disputes between natives.

Besides giving the chiefs "luluais" authority to settle certain disputes between natives, the German Government gave them other responsibilities in connection with the upkeep of roads etc. In return for this service they were not paid a salary but were allowed to keep 10 per cent. of the head tax imposed by the Government on the natives, and for which they acted as collectors.
Under the German regime the "luluai" system proved unsatisfactory for a number of reasons. Under the tribal form of government which was practised by the natives, chieftainship was usually hereditary but not quite so, for it was based on election by the tribe. The Chief was generally chosen because of his wealth which was calculated in shell money. On his death his son would mostly succeed him because the wealth would be left to him. However the tribe might at any time depose an existing chief and elect a stronger man. The only way to remain a chief was to win the homage of the tribe and having won it, keep it.

The chief or "luluai" was assisted by "tul-tuls" who were really men who executed his wishes. This form of government also included a Council of old men who decided questions of great importance. In this Council the chief had just the power of an ordinary member. It was only questions of minor importance that the chief was allowed to settle unaided.

The German Government maintained the principles of this native administration and encouraged the natives to settle their own tribal disputes. To this end it continued to recognise the decisions of the village councils and the chiefs in matters of tribal law and custom, but it failed in interfering too much with the election of the chiefs. It wanted the natives controlled by chiefs over whom it had supreme control. By doing this it modified the position in which the chief stood towards his tribe.
The Government first interfered by giving each "luluai" a cap and stick as a badge of office and then began exercising the right of deposing any "luluai" whom it considered was not working in the interests of his tribe and the Government. Furthermore on the death of a chief it took upon itself the duty of choosing his successor, thus taking this right out of the hands of the tribe. The man chosen was always one who would support the Administration and was quite often not the one who would have been chosen by the tribe. The new "luluai" in view of the fact that his appointment was due to Government influence rather than tribal election, now held a different status to his predecessors. He lost a considerable amount of prestige in that his power came from his direct contact with the German Government. Because of this he did not enjoy the same confidence of the tribe as the villagers' own appointee would have done and always remained outside the secrets of the tribe. Furthermore his influence was never very great in the Council of Elders.

Although the extensive interference in tribal Government was unsatisfactory from the native point of view, it was important in that it strengthened the Government's control over the natives and established closer relations with them. The Government obtained even more power by selecting the "tul-tuls" for each tribe. Here again the choice was due to expediency rather than any desire to appoint men considered suitable in the eyes of the natives. As in the case of chiefs, natives were chosen from
those who had been either police boys or in the Government service or had been a considerable time on a plantation. This choice was made because such natives would be able to understand the white man and as well have a good idea of the white man's discipline. These attributes rendered them of great assistance to the Administration because with such knowledge they could interpret the Government's policy in regard to crime, village sanitation, the maintenance of roads etc. to the village chiefs who could then pass it on to their people. On the chief fell the task of seeing that the laws of the Government were made known and obeyed and as the "tul-tul" was the medium through which he exercised his authority it was so much the better if the "tul-tul" knew what he was about.

Another duty of the chief was to report to the Government particulars of his judgments on natives convicted of offences against tribal law and customs, and to report all crimes committed in his village. By this means the Government hoped to establish its influence over the whole Protectorate but by 1914 it had only succeeded in respect of the areas immediately surrounding the centres of administration.

Division of Territory for Administration.

The portion of the German Protectorate over which the Commonwealth now has a mandate was divided into seven districts for the purpose of administration. All these districts were under District Officers to whom were entrusted minor judicial duties.
Through these men the Government exercised its control over the natives and endeavoured to extend the Government’s policy of making further contact with the natives, pushing further out all the time.

Administration.

In normal times there were no armed white forces in the Territory but there was a body of native police who were trained in European drill and discipline. Parties of these men were attached to each District Officer for patrol work, that is, extending Government control. There were approximately 1,000 men in the native police force and they were assigned in detachments of about 100 to each of the districts. The force retained at Rabaul for service in case of any uprisings was about 250. It was supposed to be composed of the best natives from all parts of the Protectorate, but, in reality, the District Officers kept the best recruits to build up their own forces, judging, perhaps rightly, that they would have to cope on their own with any rising that occurred in their districts long before the force from Rabaul reached them.

From the native police detachment the District Officer chose a bodyguard for his patrol expeditions which were a feature of the German regime. However, because of the great extent of the districts, patrolling was never thoroughly carried out by the German District Officers. They were hampered not only by hostile natives, but by jungle, high mountain ranges and very swift rivers, so that, in spite of the ambitious schemes of
extending Government influence, only the coastal fringe of the country was pacified in spite of the great progress made under Hahl's governorship.

In 1914 country within fifty miles of Rabaul was unpenetrated by a white man, and this state of affairs was characteristic of the other islands of the Protectorate. Yet far from centres of administration pioneer planters took up land on distant islands and faced the hostility of natives who were oblivious to Government control. These were the real pioneers and to be classed with them are the missionaries who established mission-places in far out-posts and did a tremendous amount of pioneering work in making contacts with the natives. It was not until this perilous stage was completed that the Government followed up with the work of consolidation.

With all this official and unofficial penetration, there were definite spheres of influence in each of the Administrative districts. The first sphere consisted of the district immediately round the Administrative centre over which Government influence was firmly established. The second sphere consisted of the outlying areas which were sometimes visited by a District Officer, and the third sphere included areas which had never been penetrated by Government officers.
The District Officers exercised a large degree of control over the area where Government control was intensive and saw to it that the "tul-tuls" enforced the Government's orders. He was also cognisant of the native offences dealt with by the village councils and was himself responsible for the trial of criminal cases, either at his own centre or during his patrols when he would hold court near where the crime had been committed.

As well as administering justice in his district and keeping order, the District Officer also had to supervise the recruiting carried out in his district and then make regular inspections of the labourers on the plantations to see that they were being treated in accordance with the regulations. He was legally able to end the indenture of a native if he was satisfied that the native was not being treated properly.

The District Officer also had to be responsible for the collection of the head tax and to gradually extend the area within which head tax could be levied. When taxing a tribe for the first time the amount demanded was small and this was increased each year until the maximum was reached. (The scale was English money from 2/- to 10/-.) The District Officer acted on his own discretion as to whether the full amount should ever be demanded. The tax of course could not be levied on tribes not brought definitely under Administrative influence for the obvious reason that there was no way of forcing them to pay and moreover, they would not have the money to do so.
Native Policy.

Where German control was effectively established, the natives were not harshly treated, but it was always obvious that trade was the supreme object.

The German native policy included the collection of head tax from natives already mentioned. If this was not paid a native could be forced to work on road building or other occupation until he had paid his debt. The tax was payable by each native over the age of twelve who, though able to work, was not serving under indenture with the Government or other employer of labour who paid the Business Tax. This concession to indentured labourers was intended as a concession to popularize plantation work.

Of the system of "Kiap" or Government plantations there has been a good deal of criticism without much justification. By this system the natives were forced to bring plantations into existence and to maintain them. The produce, however, was theirs to dispose of and from the proceeds they were able to pay the taxes demanded of them by the Government. This system has been criticized because of the element of compulsion in it, but it is worth noting that Ainsworth who was sent out to make investigations in 1924 advocated some such method in the interests of the natives themselves. In any case, if the natives had to be utilized on European plantations, it was a good way of teaching them by making them work for themselves in a systematic fashion.
In its dealings with natives in areas where Government influence had been firmly established, the Administration showed that its methods for the control of the natives were in no way harsh or unjust. Peaceful administrators such as Hahl were sent out who achieved much in winning over the natives to the view that white administration did not necessarily mean coercion. Indeed the advantages of such control were pointed out to them.

Hahl was so successful that he is credited by Englishmen as being more British than German in his colonial administration. He was held in high esteem by the natives in whom he took a great interest. Indeed his very un-German view, that in the colonization of a tropical possession the governing race is not there for its own profit but for the good of the country concerned, was strongly resented by the German residents who considered that Hahl's policy checked the development of the possessions. He was also blamed for the fact that Rabaul was not garrisoned with German troops.

Hahl's regime was characterized by his decision to live up to his conviction that natives have rights which no invading power can destroy and throughout his administration he supported native interests whole-heartedly. As he had been a Judge in New Guinea before becoming Governor he had first hand knowledge relating to native laws and customs and was consistent in his efforts to prevent natives being deprived of their lands. In this he had to
face considerable opposition from the large companies which were interested in getting as much land as possible irrespective of native rights over it. Often these companies made representation at Berlin and Hahl could not always get his own way, but he was consistent in his endeavour to safeguard the interests of the natives. In return he won their confidence.

It was left to the Military Administration to carry on the principles of native administration which he introduced but was not always able to put into practice.

**Legislation.**

As was shown in the New Guinea Report 1914-21, in the Imperial Chancellor was vested the power of legislating for the German Protectorate except for the fundamental laws which the Emperor made applying to the whole German State. However in reality the Governor as the Chancellor's deputy made most of the ordinances which concerned local affairs. The officers in charge of districts also had power to make regulations in regard to matters of local concern.

There was no local legislature though the Governor had the assistance of a Council of official and non-official members to which he submitted the yearly estimates together with drafts of Ordinances he proposed to make. The Council did not limit his power in any way but he had to send minutes of the proceedings to the Imperial German Government. Three advisers assisted the Governor /
Governor in the general business of administration as well as officials from the various departments.

The Administration of Justice.

The Germans had a very complex territorial law which was applied to New Guinea and comprised a number of laws passed by various bodies. Included in this were the laws of the German Empire which applied to German possessions by the Law of Protectorate. Secondly there were the laws and ordinances made by the Imperial Government to apply to German possessions overseas. Thirdly were the laws and ordinances made expressly for the Protectorate of New Guinea by the Imperial Government and fourthly there were the laws made by the Governor of the Protectorate in the form of ordinances and proclamations. Together with all this were those tribal customs and institutions of the natives which were recognized by the German Government.

For the administration of justice the Protectorate was divided into three parts and in each of these was established an Imperial District Court, presided over by an Imperial District Judge. Rabaul, Madang and Yap were the centres at which these courts were established. Their jurisdiction was similar to that of an Australian Supreme Court in that they dealt with all civil and criminal matters. As well as these there were magistrates courts presided over by the district officer in each of the seven administrative districts. The jurisdiction of these courts extended only to hearing civil cases where a debt or claim did not exceed...
exceed 300 marks and to dealing with criminal offences not punishable by death. An appeal could be made from the judgment of a district officer to one of the three Imperial District Courts.

Provision was also made for the establishment in the Protectorate of one Imperial Supreme Court which had jurisdiction over the whole Protectorate, and to it appeals could be made from the Imperial District Courts. Finally in certain cases appeal could be made from the Imperial Supreme Court to a Court of Revision at Hamburg in Germany. This then was the judicial system that the Australian's found when they began their administration.

**Taxation.**

The Germans used several methods of taxation in their Protectorate. As has already been mentioned they levied the Native Head Tax which was payable by all adult male natives capable of work, with the exception of natives employed for ten months of the year as indentured labourers. Other sources of revenue were the Business Tax and the Customs Tariff on imports and exports. The Business Tax was payable by all persons carrying on businesses, while Customs Tariff was placed on most goods to the value of 10 per cent. ad valorem. It is interesting to note that there was no discrimination in favour of imports from Germany.

**Indenture System.**

The chief weakness of the German Government rule in New Guinea was the indenture system. The practice was for the
owners or managers of plantations to recruit labourers for themselves, or else employ agents known as recruiters who would accept a contract for supplying the required number of labourers to certain firms at certain rates.

The method was for the recruiters to visit native villages and arrange for certain numbers to accept employment for a three years term. The natives recruited then had to go before a Government officer who was supposed to ascertain that the natives were fully aware of the nature of the contract they were making, and desired to work on plantations of their own free will. If they had not realized the significance of the step they were taking and desired to go home they were to be repatriated. When the Government officer was assured that the recruited natives understood the contract and that none were being forcibly taken from their homes they were transferred to their respective places of employment.

According to a Government regulation no boy under twelve years was allowed to sign on, but as no boy brought along to be recruited ever knew his age and recruiters did not enquire too closely this regulation was often evaded. Five marks a head had to be paid for each boy signs in of the contract which could be renewed if the native consented to stay longer and the employer desired it. Otherwise the boy had to be sent back to his own place at the expense of the employer. His wages were not high being from 5s. to 6s. a month, one third being deducted for tobacco. His employer, by regulations, had to supply him also with a definite scale of rations together with a blanket to sleep in and every month
month he was given a new lava-lava - the native's sole garment, consisting of a length of gaily coloured print.

Although there were laws providing for Government supervision in regard to the licensing of recruiters and also as to the care of the natives on the plantations and their return home on the expiry of their contracts, the indenture system was weak in that corporal punishment was allowed and in spite of medical care disease was widespread. Women also were allowed to be indentured.

It was obvious that since the development of the resources of New Guinea was to be of paramount importance the Government would place as few difficulties as possible in the way of companies and traders. Then, when it was found that there was an increasing demand in the commercial world for copra, special attention was given to the cultivation of the cocoanut palm. This activity meant the employment of much native labour, so although the Government enacted legislation regulating such employment, the terms were not harsh since the Government realized that it was imperative for the planters to have cheap native labour if Germany's scheme of commercial activity in the Pacific was to be effective. That the supply should be cheap was of much importance as it lowered the cost of production.

Because of the desire for cheap labour the Government did not stand in the way of the recruiter who bought natives cheaply through their chiefs, often only presenting the
chief with a few articles of trade which he coveted. Then again the Government often turned a blind eye to those cases of recruiters who forcibly carried off natives to labour on plantations. Although it was not often that a planter had to resort to unlawful means to acquire labourers, for they could usually acquire them for a small outlay, it is worth noting that stern retribution did not follow any attempts at evasion of the law, and this, because Germany was in the Pacific for one reason - trade.

As was stated earlier one of the weaknesses of the indenture system was allowing the corporal punishment of natives, not only by officials of the Administration but by private planters. The Government issued to approved employers licenses to inflict corporal punishment on their employees. Although an employer was supposed to lose his license if he abused his power, it is obvious that such a conviction of abuse of power would be hard to bring against an employer. The measure indeed gave the employer the whip hand over his labourers. As well as these licenses the Administration also exercised the right to flog native labourers if they considered they merited such treatment. This was hardly conducive to amicable relations between the two.

Land Alienation.

Just as plenty of cheap labour was necessary to carry out Germany's scheme in the Pacific, so it was essential that the large trading companies have plenty of land at their disposal.
In the years immediately preceding the military occupation the German Government in New Guinea was pursuing an active policy of land alienation and gave plenty of practical support to efforts in the direction of the development of tropical agriculture. The New Guinea Company as a chartered company held land under a freehold tenure and in the early days before the German Government took over the possession free settlers purchased land from the natives.

The land purchased under such conditions was recognised as freehold by the subsequent German Government that was established. Moreover it followed a similar policy and up to 1914 most of the land which the Government had alienated had been granted in freehold.

It was easy enough to acquire land under the German regime, for an intending purchaser merely had to select the land he desired and get the native owner concerned to consent to sell it to him. Then he went to the Government and requested that it purchase the land from the native on his behalf. The Government would then buy the land from the native owners if it was convinced that the natives had not been forced into the promised sale and moreover would still have enough for their own needs. Then the Government would transfer the land to the applicant provided he paid the price agreed upon with the natives, and also a sum, the amount of which was fixed by law, for each hectare of land which had been alienated.
by the Crown. He moreover had to pay the fee for registering the purchase of the land and also the cost of surveying it.

In the early years of land grabbing very little attention was paid to the interests of the native landowners and quite often they parted with their whole inheritance without being aware of the consequences of their action. At best the owners had merely intended to sell the right to clear and cultivate the land. That they should lose the right of possession to it was incomprehensible to them for all land belonged to the tribe as a whole and was connected with traditional customs and rites. Many of the murders of planters in New Guinea can be traced to this fundamental misunderstanding on the part of the natives of the nature of freehold. A native could purchase from his relations the exclusive rights of ownership over a definite portion of his inheritance but only for his lifetime and on his death the land reverted back to his family group. It was this that the natives understood as ownership.

The land position became so acute that the German Government in 1902 introduced land legislation which aimed at safeguarding the agricultural, hunting, fishing and other occupational needs of the natives who had been accustomed to any rights of ownership over the land which was to be sold. The State, moreover, was to exercise a strict supervision over all such purchases and see that the natives were not driven from their inheritance because they did not understand the European system of land ownership.
In spite of this parental care a considerable amount of irreparable damage had been done, for during the years 1885-99, when the New Guinea Co. had exercised the powers of governorship, great tracts of land were acquired by it with little regard to native rights, and when it ceased to hold sway and became simply one of a number of commercial corporations, it did not relinquish those areas it had taken, but proclaimed them to be in its absolute ownership. The natives were not granted any rights or privileges of occupation.

The same thing occurred where natives had entered into agreements with other companies and planters prior to or during the regime of the New Guinea Company. It was not likely that such companies would relinquish their claims over lands which they had selected for their own use, so that when the German Government took over the executive and administrative functions from the company in 1899 it found itself powerless to remedy a good deal of the injustice caused by the previous land alienations. The most that it could do was to legislate for future grants. That meant that native grants could not be protected throughout the territory but only in those parts where no such land alienation had occurred as yet. However the German Government was always more interested in furthering its own economic enterprise than in protecting native rights.

**German Town-Planning.**

In spite of all its troubles the German Administration was able to build roads and bridges and in the face of frequent transfers of head-quarters owing to malaria it laid down permanent townships...
townships characterized by wide shady streets and ornate public and private buildings.

Rabaul, the capital of German New Guinea, is a splendid example of German town-planning and possesses a wonderful Botanical Gardens. It was laid out as the capital of Germany's Western Pacific possessions and all the buildings, Government, commercial and private, are designed in a suitable style of tropical architecture characterized by large airy cool verandahs on every side. As well as this the town was planned so that there are separate quarters for the different population groups in the Territory. European, Japanese, Chinese and Malays, all have their own quarters.

The Germans built large wharves and of the many good roads there is in New Ireland a road practicable for over 100 miles, together with smaller roads elsewhere. In New Britain all the roads proceed from Rabaul. As would be expected in a Territory whose supreme interest was trade, admirable provision was made for shipping facilities.

Exploration.

Excepting the coastal areas and rivers the Germans did very little exploration. But there were several determined efforts made to break into the interior of the island. A number of expeditions were undertaken with the purpose of looking for gold and the 1898 expedition up the Ramu River definitely proved that gold existed.
existed in that region. The explorations usually resulted in loss of life owing to meetings with hostile natives or the onset of disease.

The second factor which led to exploration was the attempt to define the boundaries between the Protectorate and Dutch and British New Guinea. A German-Dutch Commission was appointed in 1910 to undertake the work of demarcation, in the process of which a good deal of valuable exploration was done. An important result of this journey according to one of the explorers was the fact that it had, by opening up large areas of hitherto unknown country, assisted in solving the labour problem in that extensive recruiting could be undertaken in the newly explored regions.

Missionaries of all denominations did their part in exploration and were responsible for much of the work done in the exploration of the rivers.

**Education and Missionary Work.**

Until just before the war the German Government left the education of the natives entirely in the hands of the missionaries. They built up a large system of mission schools and odd native dialects were made into book languages as a means of promoting religious teaching. Later three or four technical schools were established and then the Government combined efforts with the
missionaries and between the two of them rapidly improved the Christianizing process of the natives.

To avoid discord and also to enlist the service of the missionaries in the furtherance of economic progress, they too, were encouraged to trade and plant coconuts and it was from this source that the majority of the missions were able to pay for their upkeep. The result therefore of the Government throwing in its lot with the missionaries was that it was not only helping in native welfare, which was wise from an economic point of view, but it was also increasing the productiveness of the Protectorate.

**Condition of Protectorate at Outbreak of War.**

In the years immediately preceding the Great War, in the Protectorate the German Companies were beginning to make large profits owing to the great demand for the product of their plantations - copra - in Europe, and with this success came the greater demand for land to establish plantations. This was encouraged by the Government in that it framed liberal land and economic legislation and subsidised a steam-ship service. Furthermore the German Administration was always backed up and encouraged by liberal monetary assistance from the German Imperial Treasury and fifty million marks of German capital was invested in the Colonies. The result of all this effort meant that in 1914 German New Guinea found itself firmly established commercially.
Population.

During the few years immediately preceding the war there was a great increase in the European population of the Territory. In 1911 the white population numbered 500 of which 400 were German, while their trade reached £100,000 annually and over 600 vessels called there during the year. On the 1st January, 1914, the white population had reached 1,640 showing an increase of 213 from that same date of the previous year. Of these 1,150 were Germans, 51 English, 61 British colonials and 41 French. These figures tell a very striking story of progress.

Military Occupation.

This then was the position in September 1914 when war having broken out with Germany, the British Imperial Government asked the Commonwealth Government to seize German wireless stations in the Pacific if possible. These were established in New Guinea, Yap in the Marshall Islands and Nauru on Pleasant Island. To this end an Expeditionary force was organized and achieved success.

The German Government of New Guinea surrendered and for the following seven years a British Military Administration remained in control until May of 1921, when a Civil Government was established. At last the Commonwealth gained control of an area which had been taken by Germany in spite of the protests from the public throughout Australia.
The terms of the capitulation included the permanent cessation of all resistance, the surrender of the Administration, the handing over of all arms and ammunition, and the liberation of the British residents who had been arrested by the Germans as a defence measure. The terms further made provision for the return to Germany of the Acting Governor and of all Civil officials not required for carrying on the Administration.

It was promised that during the Military Occupation the local laws and customs were to remain in force so far as was consistent with the military situation.

Colonel Holmes was appointed as Administrator of German New Guinea and acted on the right to dispense with the services of the German civil officials except in a few special cases where it was seen to be advantageous to retain certain of them because of their professional knowledge. In following out this policy the German Judge was retained to advise the Military Administration on questions relating to German law. Medical officers were also retained to treat patients suffering from tropical diseases which were unfamiliar to doctors from temperate regions. The Administrator also found it necessary to avail himself of the services of an official of the Treasury because of his knowledge of the finances of the former Government.
As soon as was possible, however, the German officials who had remained were relieved of their duties which were taken over by officers sent from Australia. From then on during the period which the Military Administration lasted all the duties in connection with the Government were undertaken by members of the Expeditionary force under the orders of the Military Administrator who was also the officer in charge of the force.

With the establishment of the Military Administration in 1914 the former German Protectorate became once more a prosperous trading centre. Most of the combatants were planters who hurried back to their estates which were beginning to suffer as a result of invasions by hungry natives.

Most of the planters readily acquiesced in the Acting Governor's surrender and took the oath of neutrality. The reason for the lack of hostility towards the new Administration was two-fold. In the first place, the deportation of the leading officials produced a considerable effect on those who remained. The demonstration of military strength had invested the Administration with a certain amount of prestige.

Secondly it was soon realized that the new regime would respect private persons and private property, which meant that the residents were free to devote all their attention to their plantations and the acquiring of profits. It was apparent to,
that the unlawful behaviour of any of the troops would be followed by swift punishment. The Administration dealt severely with the members of the Expeditionary force who trespassed against good order, and on more than one occasion showed that it would not permit residents to take the law into their own hands.

On one occasion a number of Germans brutally assaulted an Australian Wesleyan missionary at New Ireland, who had been suspected of having given information to the British which was detrimental to German interests. The attack was followed by a punitive expedition to New Ireland. This fair treatment helped enormously to gain the sympathetic assistance of all the German residents.

In the report on the Territory of New Guinea 1914-21 it was stated that "it was the object of the Administration to follow the German law, to retain the German arrangements for Government as far as was possible in the circumstances of a military occupation, and to maintain the economic condition of the Territory in the state in which it was found at the commencement of the occupation." It wished to do this, in order that when the Territory was disposed of at the end of the war, it should be as far as possible in the same condition as at the time of capitulation.

In the economic sphere this aim was fairly well attained, the changes which took place being the result of improvements brought about by the German owners of the plantations who
remained in possession of their properties without any restrictions except the one that they could not send their profits to Germany. This resulted in greatly increased activity in the Territory itself for the plantation owners spent much more capital on the improvement of their estates, applying their profits to the planting of new areas. The result was that conditions became greatly improved.

Direct lines of communication between Rabaul and European markets were cut off but shipping facilities were established between the Protectorate and the Commonwealth, and planters were induced to open up commercial relations with Australian merchants.

It is estimated that as a result of the planters applying their profits to their estates instead of remitting them to Germany, the area of European owned plantations increased from 84,000 acres in 1914 to 134,000 acres in 1919.

Pacification of Natives.

One of the earliest problems the Military Administration had to face was to quieten the confused native population and overcome the mistrust caused by the change of control from German to Australian hands. To this end districts were visited by patrols, which demonstrated to the natives that law and order were being maintained just as under the German rule. It was made clear too, that in the new rulers would not interfere with village life in any way and old tribal customs were to be maintained.

Nevertheless /
Nevertheless, during the early days of the occupation, the alarm caused by the rumours of the fighting and having taken advantage of the absence of planters to pillage their produce, caused large numbers of natives to run away from their employment. Thus, though in the days before the war the German planters had no difficulty in obtaining labour, there was an acute shortage in the early days of the Military Administration.

The majority of those who ran away were brought back but many came against their will and there was a feeling of unrest among them. This was further enhanced when, as a result of the war, they were deprived of foodstuffs to which they had become accustomed under the German regime, such as rice and tinned meat, because of the heavy increase in price.

The result of all this unrest caused the natives to want to go back home where things did not alter and so when the labourer finished his term he showed a marked disinclination to re-engagement. Then, when he returned home he dissuaded others from signing contracts.

It was this very powerful dissuasive influence exerted in the villages by repatriated labourers that was the major cause of the labour shortage experienced by the Military Administration during its early years. Another reason was the tightening up of the recruiting laws which, as has been shown, had not been very strictly enforced by the previous Government.
Now, however, the Military Administration severely punished breaches of the regulations. Under these conditions recruiting became more difficult. In spite of this the supply of labour remained sufficient to meet reasonable demands, for it came to be drawn from untouched districts where the supply seemed to be assured, and though there was a rapid increase in the area under cultivation during the Military Occupation, necessitating additional native labour to cope with this development, the supply managed to satisfy the demand.

How far this is true can be judged from a comparison of the figures of indentured labourers at the beginning and end of the period under review. In 1914 there were 17,500 natives employed under indentures for a definite term, while in May 1921 the number had increased to 31,000 besides many others engaged as day labourers.

Change in treatment of Native Labourers.

Under the Military Administration the indenture system established by the Germans was carried on for it was obviously indispensable, but it was revised. Under the terms of capitulation the Administrator was pledged to maintain the status quo except where it was incompatible with military administration, but it seemed to him that some revision of the native labour position was necessary.
In dealing with this he was fortunate in having access to some amending legislation which had been proposed by the German Government about 1914, but which had not been put into effect. Therefore, when he altered the existing regulations in regard to native labour, he was merely carrying out the proposed German programme.

The most important alteration effected by the Administration was the abolition of official floggings and the corporal punishment of natives by employers. As was previously stated breaches of the regulations were severely punished so that the natives enjoyed greater protection in that they not only could not be compelled to enter contracts against their will, but any person in authority over a labourer who assaulted or ill-used him was liable to a penalty not exceeding 500 marks. The penalty for flogging a labourer was 2,000 marks. Corporal punishment of any labourer was strictly and absolutely prohibited. As under the German system power was given to District Officers to cancel an unexpired contract if the employer was neglecting his obligations or was inflicting bodily harm upon the labourer.

After the early mistrust of the new ruling power had died away, the Administration strengthened its position by making clear to the natives that infringements of the law relating to the recruiting of native labour would never be overlooked.
The position of the natives was further improved by insisting on all those measures which had previously been passed by the German Government such as the maintenance of the health of the native, by seeing that there was no overcrowding on recruiting vessels, paying attention to ventilation and seeing that the rations of the natives were of a high order.

The well-being of the natives was considered when they reached the plantations by regulations regarding housing, clothing and medical attention. These applied to all labourers working on plantations or engaged in other services.

As MacKenzie says "It may justly be claimed that the change from German to Australian control has meant for the natives of New Guinea more personal liberty, better protection of tribal and communal property, as well as a higher regard on the part of the Government for the sanctity of human life. The natives have also been brought into closer and more confident relations with the Administration, and have been encouraged to continue such of their local customs as are compatible with the advancement of their civilization."

Length of occupation.

The Military Administration, in spite of its policy of keeping the Government and the country in the condition in which it was found, was compelled to make some changes. This was due to

+ Mackenzie - "The Australians at Rabaul".
two factors. Firstly, though the Territory was governed by a Military Administration, it was outside the orbit of the world war and the Government was carried on much the same as it had been in times of peace, and the problems of progressive development had to be faced by the Government in charge.

Secondly, the Military Administration extended over a very long period, part of which occurred after the war had stopped. A Military Administrator ruled New Guinea from 1914-21, i.e., two and a half years after the Armistice with Germany was signed – 11th November, 1918.

Under such circumstances it was impracticable to defer certain legislation which under normal conditions could have been left to a Civil Administration had such a form of control been established earlier. The reason for the delay was the fact that the settling of the terms of peace was a lengthy business and for some time it was not certain what the fate of New Guinea would be.

**Power of Administrator.**

Because of these factors then, it was inevitable that some change from the condition of affairs prevailing in 1914 should take place. The Military Administrator assumed all the powers of legislation and administration and was subjected only to instructions from the Commonwealth Government and the conditions of the occupation.
It is worth noting here that the terms of capitulation were in accordance with International Law which held that although Australia as a part of Great Britain had occupied certain of the German possessions, that act did not give the Commonwealth the right to annex them. The Commonwealth was merely to hold the possessions in trust until the end of the war when final settlements would be made. Nor did the act even give it, or the British Empire, a prior claim to the Territory in the event of Germany's defeat, though of course it was expected.

The sovereignty of Germany was not destroyed by the occupation, it was just suspended and the Protectorate remained a German possession although it was occupied by a British force. The inhabitants too retained their German nationality and allegiance. But they were required, in return for the recognition of their laws and rights by the invader, to obey the commands of the temporary ruler in order that his own security would be assured.

In order to enhance that security the occupant was given the legal power to exercise his authority and punish acts of disobedience. Moreover the people could be subjected to military law. These Hague Regulations also prescribed the scope of the authority of the Military occupant and outside certain limits only direct military necessity or special powers granted at the time of capitulation would justify an Administrator in overstepping his legal position.
All members of the invading force were subjected to this international military law in so far as they were in contact with the natives, but in other matters regarding order and discipline they were subject to the Army Act, the King's Regulations, and the Commonwealth Defence Act and Regulations. If they were charged with any crime or offence they were tried by a court martial.

It is obvious then, that the Administrator had to govern in accordance with three distinct systems of law during the Military Occupation. The relations between the occupant and the inhabitants of the country were settled by International law; the people themselves were governed by the Territorial law of the former German Protectorate and the British and Australian military laws and regulations governed the troops.

In one respect, the Military Administrator was more unchecked than the former German governors had been, for he had no Advisory Council which he was obliged to call and listen to.

Administration of German Law.

It was in the administration of the Territorial law that the most difficult legal problems had to be faced. The German courts continued to administer German law and it was because this was so involved and unlike British law that during the earlier part of the Administration the German Judge was retained for a time to administer the law. This was all the more essential as in the earlier stages of the occupation no English translations were available.
When an Australian lawyer was called upon to act as a judicial officer he was confronted with the task of administering German law in the courts of the Protectorate and of making himself familiar with a highly developed and intricate legal system of which he had at the most only an elementary knowledge.

The first man appointed received valuable help from the German Imperial District Judge at Rabaul who was one of the few German civil officials who had been retained in an advisory capacity. Because of this assistance he was able to become familiar with the practice and procedure of the court and gained a knowledge of German law. Unfortunately this assistance was withdrawn early and the Australian lawyer had to continue his own way alone through the involved system of German law.

A change took place under the Military regime in the administration of law, in that in place of the two Imperial District Courts in that part of the Protectorate which was under the new rule, only one was maintained. This meant that there was a considerable amount of centralization for though the Judge could hold court in any centre, as the legal advisor of the Administrator he could not be absent from Rabaul for any length of time. Added to the Judge's difficulties was the fact that he was at the same time legal adviser to the settlers because of the absence of legal practitioners in the Territory.
During the Military Administration the ordinary courts dealt with all proceedings except the trial of offences against military law. This was the case during the whole period except in the very early days of the occupation when justice was administered by the Martial Courts.

By a number of Judiciary Ordinances the German legal system was altered by 1915 in that appeal from judgments of the Imperial District Court could be made to the Administrator in those cases where formerly there would have been a right of appeal to the Supreme Court. Moreover the name Imperial District Court was changed to Central Court. In 1916 a further Judiciary Ordinance defined the judicial functions of District Officers. In this they were given civil jurisdiction comparable to that enjoyed by the former German District Officers and also a criminal jurisdiction in respect of all offences which did not receive the death penalty.

The conduct of criminal trials was also altered. The German legal machinery made provision for the appointment of four assessors who sat with the Judge and constituted a court to deal with criminal offences. After the discussion of evidence in a case the assessors made a finding and voted separately. Except in the case of a death sentence the verdict was a majority one while a unanimous verdict had to be recorded where a death sentence was involved. It was found advisable to abolish this system of assessors, by which a body of men corresponding partly to an English jury but having infinitely more power in that it could outvote the judge.
judge, and vest in the judge alone all the powers of the court. The Military Administrator also exercised the functions of a court of final appeal.

Taxation.

The Military Administrator continued to raise revenue from the previous sources of the German Government, namely from the Business Tax, Customs duties and Native Head Tax. An increase was made in the rate of the Business Tax within a few weeks of the occupation because of the disturbance of trade and shipping during the war. No alteration was made in the German Customs Tariff until 1916 when a new tariff was introduced expressed in British money and units, but little change was made in the rates. The duties on imported goods remained at 10 per cent. ad valorem, but the export duty on copra and trochus were increased - that on copra being increased gradually till it reached 25s. per ton.

The Native Head Tax was still collected through the headman of the village, who as under the former rule received a commission of 10 per cent.

Revenue raised during the whole period of the military occupation from September 1914 to May 1921 amounted to £883,604. This was applied to maintaining the administration and also paid for the stores for the use of the Expeditionary force to the value of £220,225. The balance of the cost of the stores as well as the pay and allowances of the force, which totalled £916,076.
£916,076 was defrayed by the Commonwealth Government.

**District Administration.**

The Military Administration continued the system of staffing outstations with District Officers and these were the men who came into close contact with the natives. As under the German rule the District Officer was the man who was responsible to the Administration for the collection of the Head Tax. Officers were instructed not to insist on the tax in villages where it had not been previously collected, but gradually as Government penetration extended the areas in which the tax was collected were increased.

To those natives who should but would not pay their tax the District Officer called upon them to work out the amount by road repair in the neighbourhood. Where this was done a week's labour was equivalent to 1/-.

At the discretion of the District Officer the tax could be remitted for a year in the case of any village which showed that it was unable to meet such payments. However that concession lasted one year only.

The Government made a definite attempt to make it clear to the natives that the tax was levied fairly and that in return for such payment they had the right to receive from the Administration protection and medical attention. Furthermore they were encouraged to permit the Government to settle their grievances in a fair manner.
Around the District Officer was centred all the work connected with recruiting, for to him were brought all those natives who wished to "sign on" and it was his duty to see that the regulations relating to the labour traffic were faithfully observed. Because of this, the District Officer came to possess a fairly accurate knowledge of the condition of the population in his particular area, and was at times in a position to recommend to the Administrator that certain areas should be closed to recruiting for a specified period in order to avoid depopulation. This was often done in the interests of the tribes in certain parts of the Territory.

**Land Problem.**

In regard to the land policy the new Administration was faced with a difficult problem. As was previously pointed out the German Government had embarked on a policy of protecting the rights of the natives in connection with the occupation and conservation of native reserves. Some of the problems connected with this had to be faced by the new Administration, partly because the alienation of land in the ten years before the war had been so extensive, and partly because of the great increase in land taken up by planters during the period of military occupation, consequent upon increased planting.

When the German Administration was overthrown many land grants were in various stages of completion while many more applications for land were under consideration. During the early
part of the war nothing was done about these claims but after 1915 when trade relations had been established between Australia and New Guinea, planters renewed their application for grants of land and others sought a settlement of claims which had been partly dealt with.

There were three divisions in regard to land in the process of alienation. In the first division were claims in respect of which the German Government had definitely promised to give a title. The claimants had paid their purchase money and had complied with the other provisions of the law. Under such circumstances the Administration granted the title. The second group comprised claims where land had been taken up with the Government's permission but no preliminary surveying had been done and the purchase money had not been paid. The third group consisted of the claims of those people to whom permits had been given allowing the applicant to purchase the land he wanted from the natives on behalf of the Government.

In dealing with this situation the Military Administration had to devise a policy which would last as long as the Administration endured. It was successful in this endeavour and by 1917 all the tangled land claims had been successfully worked out. To do this a good deal of surveying was necessary, and in the opinion of those qualified to judge it was found that the technical standard maintained by the Australian surveyors was higher than that of their former German predecessors.
Besides fixing up claims from the former Government the Administration had to deal with new claims for as planters began to invest in their own estates they wanted more land to extend their planting operations. In this connection no freehold rights were granted. The most the Administrator would do was to allow applicants to take up land by leasehold, the lease being renewed each year. Moreover because of the uncertainty of the position no guarantee was given that a title to the land would eventually be granted. The Administration charged a rental for land taken up like this of 2/6d. per hectare (2¼ acres).

Financial Problem.

In the realm of finance the Military Administration had to face a difficult problem. There was no bank in the Protectorate so the Administration had to leave undisturbed the method of deposits and advances which the companies and traders had established. To have abolished them would have been disastrous. The German currency also remained. However the Administration found that it could not do without a bank so a Savings Bank was established in 1915.

One important reason for the maintenance of the status quo was the fact that any repudiation of German coinage would have shattered the natives' belief in the good faith of the Government because many natives had hoarded large quantities of German silver
calculated their wealth by it. The mark meant a great deal to them and it had been the basis of exchange and barter for so long that they would not have understood any change in its value.

The Commonwealth Government wanted immediately to withdraw German currency from circulation and establish the exchange value of the mark at 6d. instead of 1/-.

Had this been done the Government would have been regarded by the natives as an enemy instead of a friend, for such an injustice would have resulted in them losing one half of their hoarded wealth. Apart from this danger it would have given the German residents an excellent opportunity for discrediting British rule in the eyes of the natives. Because of these objections the Commonwealth decided not to enforce the withdrawal of German currency from circulation at once.

Matters stood thus until 1916 when the Administration decided to change the financial arrangements of the country as military exigencies seemed to justify following a new course. By 1916 it was uncertain how Germany's international credit would stand at the termination of the war, so it was decided by the Commonwealth that all German currency circulating in the Territory should be called in and withdrawn from circulation. A branch of the Commonwealth Bank of Australia was therefore established in the Territory.

Following on the establishment of the bank a proclamation was issued which suspended the operation of all German laws governing the establishment of banking, and those institutions which /
which had been set up to conduct the business of banking in accordance with German law were forbidden to continue their business. This was a very drastic change but one which was defended on the grounds of necessity. It was clear that if the Government was to be carried on indefinitely some modification of the existing conditions was essential.

The change was accompanied by less disturbance than was anticipated. The new bank by identifying itself with the interests of the Territory was an immediate success. At first the German merchants feared that the Government would ruin their businesses, for the proclamation had maintained that no other institution should be allowed to carry on banking in the colony. Had this been adhered to, the companies would have been compelled to stop their deposit business, but as the Administration could see that this would cause very extensive disorganization between the mercantile companies and the planters, they were allowed to continue their ordinary commercial relations with their customers providing that all remittances beyond the limits of the Territory be made through the Commonwealth Bank. In this way the Administration won over the former German bankers.

In the withdrawing of currency from circulation the Administration acted with discretion. First the bank notes and paper money were called in and English substituted. It was not until 1919 that German silver, nickel and copper coinage was withdrawn. There
was some early objection to surrendering German notes for Australian ones but as Germany's financial position became worse, the planters became thankful that they had procured the Australian currency.

Health Provisions of the Military Administration.

The hygienic provisions made by the German Government in Rabaul and elsewhere were continued by the following Administration. These included the maintenance of a European hospital which contained accommodation for a large number of patients. The staff included two trained nurses supplied by the Red Cross Society in Berlin, a Chinese Cook, ten native boys and two native women.

The two German doctors in Rabaul attended not only the European hospital but also the well equipped native hospital outside the town. They visited various centres for the purpose of vaccination, inoculation and inspection. Similar provision on a smaller scale had been established at two other centres and everywhere the natives showed great confidence in the doctors.

One very important reform was effected by the Military Administration which had valuable results in improving health conditions for white residents and that was improved sanitation. Though the Germans built excellent houses they did little towards reducing the liability to malarial fever, which existed throughout the Protectorate. This caused a high death rate among the white population and the unhealthy nature of various posts had been the direct cause of the removal of the seat of Government on several occasions under the former rule.
When the British assumed control, one of the first works undertaken was the endeavour to minimise the risk of infection at Rabaul. The result is that now Rabaul is a remarkably healthy tropical centre because of the greatly improved sanitation. The same effort was made in other centres where Europeans were assembled but to a lesser degree. Away from such centres the liability to fever remained constant.

**Treatment of Aliens.**

In regard to the treatment of aliens, the Military Administration made a change in giving Chinese and Malays the status of Europeans. The former German Government had accorded this right only to Japanese.

A further alteration of policy was made in that the immigration of aliens was checked while Chinese and Malays had been previously encouraged. Other Asiatics had never been desired.

**Conclusion.**

During the period that the Military Administration remained in control there were five successive Australian military officers who held the position of Administrator. Summing up the work done during those seven years the verdict seems to be that Australia emerged from the experiment with considerable credit. It has to be remembered that she had little experience in dealing with island problems and in dealing with native races. Moreover, making the
position still more difficult was the fact that in controlling a
former enemy country many problems had to be met relating to the
German nationals. Finally the whole of the personnel of the
Government Departments and for the District Service had to be met
from the ranks of a small military force.

In one respect the Military Administration did not
make as much progress as it desired and that was in the improvement
in the conditions of the natives who remained in their villages.
This was due to the difficulty of obtaining staff as the best men
were engaged in the war in Europe. The result was that it was im-
possible to get for all the district stations, officers who had had
adequate experience of native affairs. In spite of this disadvantage,
however, by securing the services of a number of officers who had been
trained in Papua, great improvements were brought about in the
sanitation of villages and in the material conditions of native life.
In this connection must be noted the great encouragement of native
plantations. At the close of the Military Administration these
totalled in area 20,000 acres.

New Guinea and the Peace Treaty.

Under the Treaty of Peace signed at Versailles on
28th June, 1919, Germany's title to New Guinea passed into the hands
of the allied powers. A mandate was then given to the British king
on behalf of the Commonwealth of Australia to administer New Guinea
the adjacent islands. This mandate was of the "c" type which allowed the Mandatory Power to govern the Territory as if it were an integral portion of the Commonwealth. Our mandate consists of the former Protectorate with the exception of the Pelew, Caroline and Marshall groups which were mandated to Japan. German New Guinea was henceforth to be known as the Territory of New Guinea.

The Military Administration was ended by the Peace Treaty and the clause which had the greatest immediate consequence was that which conferred upon the allies in occupation of former enemy territory the right to liquidate the property and interests of the German nationals therein. Germany undertook to compensate her nationals for the retention of their property in accordance with valuations made under the laws of the occupying State.

**Expropriation of German Estates.**

The Commonwealth Government took steps for the expropriation of the property of German nationals only after thorough investigation by a Royal Commission. This was done because there was a good deal of opinion against expropriation both on the grounds of its inherent injustice for it was impossible to compensate men for a lifetime of effort, and also out of regard for the future of the plantations, which had been built up by the energy and experience of men who had given their lives to the study of the problems of planting.
Had only the big company properties been expropriated possibly no great injustice would have been done, but it was the small planter who had put all he possessed into his estate and had spent his life developing it who was ordered out of the country with a valueless cheque drawn on his country. The idea was the the German Imperial Government should compensate its nationals for their lost plantations, stores, buildings, etc., the aggregate amount of which was to be deducted from Australia's share in the war indemnity which Germany had pledged herself to pay.

To the mass of the people, the policy of expropriation was regarded as being a natural consequence of the war, but a few looked ahead and questioned the wisdom of the measure, urging that if it were deemed necessary to eradicate the German element, the Commonwealth should do so by purchase. But the Hughes Government decided in favour of applying the measures of expropriation to all property, rights and interests belonging to German nationals in the Territory. The result was that the German residents in New Guinea were sent back to the Fatherland to join the number of those whom the war had ruined and full of hatred towards the victorious allies.

The Royal Commission made its report and the Government decided on the recommendation suggested by majority, and an Expropriation Ordinance was brought into force on 1st September 1920. It provided for a Public Trustee in whom was vested all the property of any firm or company which the Administrator should declare to be in his opinion managed or controlled for the benefit of subjects of Germany.
Germany or persons resident, or carrying on business in Germany. The management of such properties was to be placed in the hands of an Expropriation Board of three members appointed by the Administrator.

The property of the seven principal German companies in the Territory was vested in the Public Trustee on 1st September 1920 and other properties followed till the properties of most German nationals still resident in the Territory was vested in the Public Trustee.

Properties which came under the management of the Expropriation Board consisted not only of coconut plantations but also included several large businesses. All these properties remained under the management of the Board at the date of the civil government, but were then transferred from the Public Trustee to a specified "Custodian of Expropriated Properties".

In the Minority Report of the Royal Commission which was submitted by the chairman, J.H.P. Murray, the Lieutenant-Governor of Papua, the nationalization of property resumed was recommended. He urged that the property should be managed by the Government in the public interest. His plan was that a board should be appointed of 3 members possessing expert knowledge of -

(a) planting;
(b) storekeeping and trading; and
(c) general business and finance

and he advocated giving wide powers to the board as to the management of the plantations in order that they should be run to make a profit like a private business.
However, the majority report differed as to the ultimate disposal of enemy owned property. The other two commissioners did not recommend a policy of nationalization for it seemed to them that such a procedure would not encourage permanent settlement. Moreover, they did not advocate a policy of leasing improved lands. Their solution of the problem of what to do with expropriated property was immediate sale and the Government decided to accept their recommendation.

Power to sell the expropriated properties was then conferred upon the Custodian by regulations between 1920-22. One of these regulations limited the persons to whom properties might be sold. The people who had the right of purchase included Australian returned soldiers, natural born British subjects and companies, provided the majority of their shares were held by natural born British subjects. This regulation excluded all allied, neutral or ex-enemy buyers.

By other regulations provision was made for the payment of purchase money by installments, special concessions being granted to returned soldiers - installments extended over 20 years for returned soldiers - and over five years for others.

When these regulations were completed the Custodian set about disposing of the property and invited tenders for the purchase of 30 plantations and certain of the stores. The result
of the advertisement to this effect was one satisfactory tender being received which was for a leasehold plantation. The reason given for this very unsatisfactory result was the heavy slump in the copra market and secondly the feeling of insecurity in regard to the title to the land. Thirdly taxation in the Territory was heavy.

The Expropriation Board, therefore, continued to manage the properties itself employing overseers and staff who came from Australia in place of the German overseers and employees who had been repatriated.

The immediate result of the Expropriation Board taking control was widespread confusion due to the fact that the Board's staff had been hurriedly appointed and consisted of inexperienced men. It was unable to conduct at the same time the affairs of a number of large companies in addition to the expropriated plantations of smaller companies and individual persons. The result of all this was that the revenue of the Territory fell away and for a time the Government of the country became entangled with the task of the Expropriation Board.

Trouble was due to the fact that the change from German to British hands had meant a change from experienced individual control by persons whose whole future was devoted to the success of their plantations or the plantations in their care, to the control by three or four men appointed by a Government possessing
possessing no knowledge of tropical agriculture and plantation management and of the fitness and capabilities of those men it was unable to judge. No wonder Australia lost heavily in the management of the plantations.

This was the position when Colonel John Ainsworth submitted his report on the Territory of New Guinea. He expressed the view that the continuance of the Expropriation Board as plantation owners and traders was undesirable, for, as he pointed out, the primary function of the Board was to look after the properties only until such times as they could be sold and not, as it had done, develop into a Government concern employing considerably over three hundred whites. He therefore advocated the sale of the properties to private people as soon as possible.

An important reason for Ainsworth reaching this decision was the fact that the Board had become a too important factor in the affairs of the Territory and was responsible for keeping out of the country private capital. The private planters and traders in the Territory constituted a minority and their importance and influence were insignificant when compared with the Board's.

Since the Board followed a policy of not increasing the planting area, it was inevitable that the agricultural development of the Territory continued to be retarded. Ainsworth maintained that if all the activities in connection with plantations and businesses controlled by the Board were in the hands of private owners, the material wealth of the Territory would be increased, so leading to prosperity.
Because of the considerable adverse criticism which had been publicly directed against the Expropriation Board's management, Messrs. Yarwood, Vane & Co. were sent in 1924 to enquire into the matter. They carefully examined all the charges of waste, negligence and incompetence with which the Board had been accused and expressed the view that the sale of properties on ordinary commercial terms to British buyers as early as possible was most desirable.

As a result of its enquiries the commission found that the results achieved by the Board, while not perfect were certainly worthy of high commendation for it had to be remembered that the Board entered upon control with a very insufficient staff limited almost wholly to the employment of returned soldiers having little or no experience in the work required of them, and having to build up an organization to carry on business over a very wide area.

The Board had to face many difficulties in connection with transport both within the Territory and overseas ports. Deficiencies in equipment and oppressive climatic conditions also led to many problems.

Management of Plantations.

The work of the Board involved the taking over of some 268 plantations - one estate often consisting of several small islands - 20 large stores and other services of the German companies
and planters in connection with shipping, workshops, hospitals, etc. In connection with the management of the plantations the Board chose managers and inspectors, while its staff in connection with its other duties included store managers, store assistants, schooner masters, etc. The administrative work concerned was carried out at a head office and seven branch offices.

An Asiatic staff was employed consisting of 28 Malays who were store assistants. When the Board assumed control the number was much larger and 28 represents a fall of 60 per cent. Another 25 were employed on plantations. Other Asiatics included 75 Chinese employed as engineers and carpenters and 39 as assistant overseers on different plantations. One Japanese was in charge of a motor schooner and two were assistant overseers.

Until 1921 separate medical organizations were maintained for each of the large German companies, but after that date these services were amalgamated and the Board maintained a well organized service under a qualified medical officer. At each of the principal centres a hospital was installed and provision made for free treatment of white, Asiatic and native employees, who were given necessary drugs and treatment.

In 1924 the number of native labourers employed by the Board was approximately 14,647, and out of these the contracts of about 5,000 expired each year. Since about 40 per cent. of the expiring indentures did not re-indenture steps had to be taken by the Board...
Board to obtain more labour. There were three ways of obtaining labour. In the first place Board overseers could recruit labourers. They would receive a bonus from 5/- to 20/- for each native signed on. Secondly the Board could get labourers from outside recruiters who would get £7.10.0 per head for a three year recruit. Thirdly the Board could organize special expeditions to such districts as the Sepik River and draw natives from a previously untouched areas. All these sources were utilized in acquiring new labourers.

Management of Stores.

The Board made alterations in respect of the stores which it took over. The four principal German Companies had branches of their stores at eight of the main ports. The Board closed certain of the stores and stocks were centralized in one store at each place. This economy resulted in a smaller staff being necessary.

In conducting the business of its stores the Board was handicapped by the great difficulty of obtaining the services of returned soldiers with suitable experience for the positions. The loss of business which was considerable up to 1924 was partly due to this, for inexperienced managers often bought lines for which there was little sale. Another reason was that a large quantity of unsaleable goods was taken over from the former German managers. Experience was the only thing that could remedy this cause of trade loss and even so there was always the possibility of accumulating unsaleable
unsaleable goods where no merchants' representations called with samples of goods.

Chinese stores had an advantage over the Board in this respect for they were visited by such representatives. This was due to the fact that Chinese stores did a great part of the trading with the native population and had been largely financed by German companies to whom they were in debt. When the Expropriation Board began to cut down the long credit terms which the Germans had granted the Chinese traders, a number of Sydney firms offered to extend their credits. The result was that the position of the Chinese traders became even more favourable.

As in all other departments great difficulty was experienced in obtaining suitable men to take the place of the German accountants and book-keepers, and frequent changes of staff took place because of retirements, which took place either by health conditions or the unsuitability of some men for the positions. All this caused disorganization.

Management of Trading Stations.

The Germans had established trading stations in the Territory which consisted of small areas of land situated at convenient spots adjacent to native settlements and to plantations, where purchases were made of native grown copra and the natives were supplied with tobacco and other articles.
Of the trading stations which came under the control of the Board there were 103 freehold, 42 under long lease and 90 stations under annual lease. The German owners of plantations frequently carried on these stations themselves putting natives or Chinese in charge, on a wage. They sometimes leased them to Chinese or others.

When the Expropriation Board took over an arrangement was made whereby the Board decided to lease the stations to Chinese traders on the basis of a minimum rental and a charge of 10 per cent. on all copra sold. This system was carried on till 1923 when the method of leasing the stations to returned soldiers was begun. Leases were granted to the highest rental tendered, subject to a condition that the copra obtained had to be sold through the Board at a commission of 7 per cent. A lease could be cancelled if the lessee did not obtain 90 per cent. of the copra output supplied by the previous lessee or if he was found guilty of a civil or criminal offence.

In summarizing their conclusions Messrs. Yarwood Vane & Co. reached the decision that, since the plantations may very possibly remain in the custodian's hands for a considerable time, it would be wise for the Board to put the properties on the most efficient working basis possible and to spend such capital as was necessary on them. They pointed out that such expenditure would not be irrecoverable for when the properties were finally sold their value would be increased to the extent of the expenditure or more.

The commissioners further recommended a reduction in taxation
taxation, for the heavy taxation remained a powerful factor operating against the purchase of the expropriated properties, put up for sale, by individuals. During the term of its activities the Board, though a Government activity was not exempt from taxation and paid all rates, taxes and import and export duties.

R. Cobcroft in his survey of the activities of the Expropriation Board, recommended that all areas which had proved unsuitable for coconut cultivation owing to the poor nature of the soil be abandoned because they would never be payable in spite of capital expended on them which he considered would be irrecoverable.

In his conclusions Cobcroft agreed with the earlier conclusions of Yarwood, Vane & Co. that the Board's staff was by no means large enough to cope with its work and that from the outset the available number of returned soldiers with experience of tropical agriculture was very limited. This made the matter of replacing German officers by Australians one of serious difficulty for the Board.

After the report of Messrs. Yarwood, Vane & Co. the Commonwealth Government decided to offer for sale by public tender the whole of the properties, and the first group of plantations, trading stations, business premises and residences in New Britain were placed on the market in 1926. This group was sold and the remaining property was disposed of by the end of 1927. The whole of the expropriated properties realized a sum of three and a half million pounds.
pounds and the purchase money in most cases was spread over a period of twenty years.

When taking account of its expenditure on the expropriated property the Board found that during the few years of its activities the cash requirements exceeded the revenue from the sale of produce and other sources to the value of £893,000. This amount was redeemed when the properties were sold.

The importance of the plantations to the Territory will be seen when it is considered that for the year 1926 the total value of the exports was £1,105,185. Of this, 45,806 tons of copra was exported valued at £1,016,930 or 10/11ths of the value of all exports from the Territory. Such a result was a credit to the work of the Expropriation Board and with the transfer of the plantations to private owners it was not too much to expect that the plantations of the Territory would enter a period of greatly increased prosperity.

Treatment of German Nationals.

As soon as all enemy property was in the hands of the Expropriation Board a Deportation Ordinance provided for the compulsory deportation of German nationals from the Territory. While waiting to be sent back to Germany they were granted by the Commonwealth Government a sustenance allowance of 20s. per day for each
each adult and 10/- for each child to cover living expenses at Rabaul. Those who appealed against expropriation were allowed to remain in possession of their estates if it was considered that the properties were not likely to be injured. Furthermore, the fares of German nationals repatriated to Germany were paid by the Commonwealth Government.

The German missionaries were allowed to stay after a good deal of discussion. They numbered 221 and had acquired considerable influence over the natives. It was thought in some quarters that this influence would be exerted against the interests of the Australian Government. Bishop Couppé declared that it would be unjustifiable to question the loyalty of his German missionaries for they were obliged by their vocation to sacrifice their patriotic or national feeling for their spiritual mission.

In spite of this the Royal Commission of 1920 issued a warning that such missionaries would have abundant opportunity for working against the Administration and stirring up native unrest. This pessimistic view was disregarded and the missionaries were allowed to remain. In the following years they showed the Administration that their one concern was the forwarding of their spiritual mission and the welfare of the natives whom they endeavoured to instruct.
Acceptance of the Mandate.

The mandate which was offered to the British king on behalf of the Commonwealth was accepted under the authority of the New Guinea Act of 1920 and the Civil Government was established on the 9th May, 1921. A brief survey of Article 22 of the Peace Treaty makes it clear that the mandate confers much more in the way of obligation on the power that holds it than benefit, and in assessing Australia's success in governing the Territory, this must always be remembered.

In taking over the Mandate the Commonwealth pledged itself to "promote to the utmost the material and moral well-being and the social progress of the inhabitants" and in following out this obligation a fundamental change from the old German native policy had to occur. This change meant an alteration in the policy of which the economic development of the islands was of greater importance than the welfare of the natives. The weakness in the German system consisted in the natives being ground down with the result, that in time they would have become completely dependent on the Germans.

The terms of the Mandate strictly prohibited any such possibility. In fact, the new Administration went to the other extreme and there was a good deal of criticism from an economic point of view of the policy which almost pampered the natives in order to please members of the League of Nations, most of whom knew very
very little about primitive races of the New Guinea type.

Something was considered wrong in the Territory where the Administration allowed a trivial offence such as the slapping of a native to result in the recall of an experienced officer or the imprisonment of a planter all because the Government wished to give the League no cause for complaint. Moreover, it was because of the League that the Commonwealth retained the Government of the Mandate itself instead of appointing a Lieutenant-Governor aided by a Legislative Council consisting of local residents, as had been done in Papua. In that Territory the Lieutenant-Governor was made responsible to the Commonwealth Government but was not controlled by it in strictly Papuan affairs. This type of Administration proved to work well and was infinitely superior to that inflicted on the Territory which provided for control by a body of men several thousand miles away with simply an executive officer in the Territory to enforce its decisions.

Establishment of Civil Administration.

Upon the day of the proclamation of the establishment of the Civil Administration, the first Ordinances made by the Governor-General in Council under the New Guinea Act 1920, came into force. The most important of these was the Laws Repeal and Adopting Ordinance 1921, which stated that the German laws should cease to apply to the Territory. It was declared that certain acts of the parliament of the Commonwealth should apply to the Territory
and all other ordinances and legislative acts made by the Administrators during the Military Occupation then in force should continue in full force and effect. Certain acts and statutes of the State of Queensland, certain acts, statutes and laws of England and certain ordinances of the Territory of Papua were also to be adopted as laws of the Territory. Finally the principles and rules of common law and equity were to be applied to the Territory of New Guinea. All these legislative acts were to be subject to the qualification that they should be applied only so far as they were applicable to the circumstances of the Territory.

This Ordinance also provided for the preservation of the rights of the natives over land and their customs in regard to cultivation, barter, hunting, etc., as well as maintaining that all tribal institutions, customs and wages, not contrary to the general principles of humanity, should be maintained. By it, too, the slave trade was prohibited and no forced labour was to be permitted.

Other Ordinances provided for the establishment of courts of law and prohibited the supply of opium, ammunitions, firearms and intoxicating liquor to the natives. The Act further stated that no military or naval base should be established or fortification erected in the Territory and that there should be free exercise of all forms of worship allowed.

Finally it was provided that the Governor-General should make an annual report to the Council of the League of Nations containing full information as to the measures taken to carry out the guarantees /
guarantees declared by the Act in respect of the native inhabitants and as to their well being and progress.

Administration.

One of the problems which the Royal Commission had to determine was some scheme for the organization of a system of government. There seemed three possible solutions -

(a) Amalgamation with Papua;
(b) Separate administration;
(c) Separate from Papua for purposes of legislation and internal Administration, with separate Executive and Legislative Councils and a separate public service, but one officer to administer both governments.

The Chairman of the Royal Commission, J.H.P. Murray, favoured the first possibility - that of amalgamation - on the ground first of economy. The question of expense he considered was one of great importance and it was obvious that two administrations were going to cost more than one. Then again, if the Commonwealth concentrated on one service, it was going to be infinitely superior to two indifferent ones.

Murray asserted that under the Military Administration there was a general tendency, carried on from German times, to regard the natives in the Territory as an asset and not to consider the well being and development of the native race for its own sake as being one of the principal objects to be aimed at. This, moreover, was one of the requirements of the Mandate. To combat this tendency he urged the amalgamation of the two Territories of Papua and
German New Guinea under one administration. Other points which he considered included the economic position which was practically the same for the both Territories and the identical racial nature of the native populations.

He did not consider that the combined Territories would be too difficult to manage under one administration, for the combined Territory would be divided into administrative districts, each under a District Officer. Another reason he advanced for amalgamation was the fact that the effects of the German Administration could more easily be overcome under a combined administration.

The majority of the Commission decided against amalgamation. They favoured an Administrator "who had extensive powers and who should have the advice and assistance of an Executive Council of his senior officers, but should be free to act independently of that body if he deems it necessary". They also suggested that a Legislative Council should be considered following the lines of the one in Papua which consisted of the Executive Council supplemented by certain unofficial members.

They disapproved of amalgamation on the grounds that the Lieutenant-Governor of Papua and his Council already had enough to do without being further embarrassed by a new burden which involved the transfer of a military to a civil organization of government.

It was also claimed that as the Legislative Council of Papua consisted of six officials and three private persons with business interests in the Territory it would hardly be a suitable body to advise regarding the laws of the Territory. Furthermore, the capital of Papua, Port Moresby, would be an inconvenient place from which to govern German New Guinea.

As a final objection they held that such an amalgamation would embarrass Papua in that the combined Territories would have to be treated as one whole and that natives from any one part must be allowed to be recruited for any other part. Chinese and Japanese also would have to be granted admittance to Papua which had hitherto excluded such people. Moreover, all revenue and expenditure would have to be pooled and that would lead to difficulties in compiling the annual report of the Mandated Territory to the Council of the League of Nations.

They pointed out that immediate union would involve the adoption of all Papuan laws and the cancellation of the whole legal system under which the Mandated Territory had grown up, resulting in widespread confusion.

Furthermore, if the German residents were to be repatriated, a decision which had not been settled at the time of the Royal Commission's investigations, the task, it seemed to the Commissioners, would involve such difficulties that the Government would have to be situated in the very centre of affairs to be able to cope with the problem. Even if the residents were allowed to remain...
remain, it was held that they would have to be constantly watched by an administration always on the spot and not one at a remote centre.

For all these reasons the Commonwealth decided against amalgamation. Since putting that decision into effect there has been a growing body of opinion which has come to regret the fact that such amalgamation did not take place, the reason advanced being that the new Territory was thereby deprived of the valuable services of Sir Huburt Murray, Lieutenant-Governor of Papua, who had shown himself so capable in native administration. Because the policy of amalgamation was decided against the Mandated Territory did not receive the best administration that it was possible for Australia to give. Instead a new type had to be improvised with the inevitable failures consequent on an untried experiment.

The newly established administration was very highly centralized. Legislative power in respect of the Territory was vested in the Governor-General of the Commonwealth who could make Ordinances for the government of the Territory. Actually it was administered by the Home and Territories Department in Australia, which through the Minister, submitted its recommendations to the Cabinet and the regulations were proclaimed through the Governor-General.

However,
However, the actual administration was vested in the Administrator who was subject to the instructions of the Governor-General, that is, the Federal Cabinet. He was without any legislative, executive or advisory council. This was contrary to the recommendation of the Royal Commission which had suggested some sort of Executive Council.

In 1924 Ainsworth recommended that the Administrator be provided with an Advisory Council, which Council, he said, should be a sort of executive body consisting of selected heads of Departments and possibly one or more outside people of experience. He suggested that some of the outside representatives should be missionaries, on the ground that, since they lived and taught among the natives, they understood their requirements best. However, he urged that while the governing power was to decide the broad principles on which the native had to be ruled, the latter must be protected against being governed in the interests of those who were only concerned in obtaining cheap labour and exploiting the native for their own benefit. He also urged that the existing native authorities and institutions be maintained and encouraged.

By an Ordinance of 1926 the Administrator was assisted by a small Advisory Council consisting of the heads of the principal Departments, but he was not bound to accept its advice. The white residents of the Territory were very dissatisfied under this autocracy and began a movement to secure some share in the Administration.
The next effort at obtaining some sort of representative government was made by the planters. They constituted the majority of the white colonists and provided most of the revenue as well as having first-hand knowledge of the country's requirements. In 1927 they submitted to Canberra definite suggestions regarding the formation of an Executive and Legislative Council giving themselves some share in the government of the Territory. They urged that the non-official representatives be not appointed by the Administrator. However, in spite of their efforts nothing was done.

In 1928 a bill was introduced into Parliament the object of which was to give a small share in the Administration of the Territory to non-officials. The Bill provided for a Legislative Council consisting of the Administrator, eight officials and five non-officials nominated by the Administrator. Though this bill was passed by the Senate it lapsed at the end of the session and nothing was done.

The chief danger feared was that such a council of white residents would neglect the native interests. But as almost all other British Mandates had an Advisory or Legislative body on which civilians were represented there hardly seemed sufficient ground for not being able to trust the white residents of New Guinea not to exploit the natives.

It was not until 1932 that an Act to amend the New Guinea
Guinea Act of 1920 was passed by the Commonwealth of Australia. The date of commencement of this new Act was May 1933. In it certain alterations were made in regard to provisions contained in the 1920 Act as well as additional clauses. Hitherto the duty of making an annual report to the Council of the League of Nations had belonged to the Governor-General but by the Act of 1932 it became the duty of the Minister administering the New Guinea Act.

The former Act had empowered the Governor-General to make Ordinances having the force of law in the Territory. The Act as amended provided for a degree of local government for the Territory by the establishment of an Executive and a Legislative Council. The functions of the Executive Council were to advise and assist the Administrator. It was to be constituted of nine members appointed by the Governor-General of the Commonwealth, eight of whom must be officers of the Territory and the other non-official member chosen by and from the non-official members of the Legislative Council.

The Legislative Council had the power to make Ordinances for the peace, order and good government of the Territory. These ordinances made by the Legislative Council do not have the force of law until assented to by the Administrator or in certain cases by the Governor-General. Furthermore, an ordinance assented to by the Administrator may be disallowed by the Governor-General providing this happens within six months of the assent.
The Legislative Council consists of the Administrator, the official members of the Executive Council and seven non-official members nominated by the Administrator and appointed by the Governor-General. The Administrator has the power when he wishes the views of any person on matters about to be brought up in the Legislative Council to appoint such a person as an extraordinary member of the Council for the period during which the Council is dealing with the particular matter.

Because of the establishment of the Executive and Legislative Councils the Advisory Council which had been established in 1926 was abolished.

The Act was further amended in 1935. The amendments were of a minor nature to facilitate the functioning of the Executive and Legislative Councils. The most important of these was the provision made for the appointment by the Governor-General of a deputy non-official member chosen by and from the non-official members of the Legislative Council to act in the place of the non-official member of the Executive Council when that member was absent. The deputy, when attending a meeting, was to exercise and perform all the powers and functions of a member of the Council.

This is the position of the Government as it now stands and should prove more satisfactory than the earlier method but there is still too much government from Canberra.
District Administration.

For the purposes of Administration the Territory is divided into seven districts - New Britain, New Ireland, Morobe, Madang, Sepik, Kieta and Manus - each with its own District headquarters. The Military Administration at its close was organized into ten Districts - Aitape, Madang, Morobe, Rabaul, Gasmata, Talasea, Namatanai, Manus and Kieta - but the Civil Administration found it convenient to gradually reduce the number of Districts to seven.

The Districts of Sepik, Madang and Morobe are situated on the mainland; New Ireland included the island of that name as well as Lavongai and other islands; the District of Manus comprises the Admiralty Islands, the Hermit Islands, the Mindigo group and several small islands in the north-western portion of the Territory; Kieta comprises the islands of Buka and Bougainville, Nuguria, Kilinailau, the Taku and Nukumanu groups as well as a number of other small islands.
TERRITORY OF NEW GUINEA.
The District Officers hold much the same position as that enjoyed by their German predecessors. They see to the care and welfare of the natives and open up the Territory by patrols. It is they who enforce order within their respective districts and exercise a certain amount of criminal and civil jurisdiction limited, however, to minor offences.

The white administrative staff of the districts is graded as follows - District Officer, Deputy District Officer, Patrol Officer, Senior Clerk and Clerk. The District and Deputy District Officers officiate as magistrates in conjunction with their ordinary duties and they have equal powers in administrative and judicial affairs. The Patrol Officer acts as a non-commissioned officer and he conducts police patrols within the district to which he is appointed. However, he does not exercise either administrative or magisterial duties, although he may be appointed to act as Deputy District Officer and magistrate. All Administrative officers really do the work of a Patrol officer and as well carry executive authority.

Ainsworth noted that an undesirable and unsettling feature in connection with some of the Districts was the constant changing of District and Acting District Officers. For example, there had been in Rabaul six changes in three years. He urged that such changes be avoided as they were extremely harmful to native Administration. He was emphatic in pointing out that to make a
success of governing a native race it was essential to find the right man and then keep him as long as possible in the same area because it was only by a continuity of control, by a sympathetic officer following a firm and just policy, that the natives became easy to handle and acquiesced in schemes for their own advancement without the aid of a lot of enforcing legislation.

The main thing was to win the confidence of the natives and this could not be done as long as District Officers were continually being changed. That confidence too was largely the result of fair and just decisions from the magistrates bench. Personal rule he maintained was most likely to succeed with subordinate native races and for this, efficient administrators had to be found who could do more for the welfare of the natives than any legislation, no matter how beneficient.

In this respect he was simply repeating the sentiment expressed in the Majority Report of the Royal Commission which maintained that continuity in Administration is a necessary factor in efficient government and that men chosen for the Administration should make the Service their life occupation. "There is nothing", it warned, "that detracts more from a firm and capable Administration than frequent changes". *

Ainsworth's idea of a successful Administrator is rather idealistic. "To be a successful Administrator of a native

people certain essential qualifications are necessary" he says. "There must be insight and imagination; imagination of the constructive or reconstructive kind, with an ability to understand and appreciate the social conditions of the people. There must also be ordinary intelligence, tact, patience, enthusiasm, a sense of humour, sympathy and with it all strength of character and the power and determination to insist; combine the foregoing with personal physical energy and you have a type of administrative officer you may look to with confidence to produce the best possible results ..... these are attributes which will produce firm, strong and just rulers of the people and it is a just and strong man who is prepared to respect their social codes and customs whom the natives will follow and obey".

It was this aim that the Australian authorities had to have in mind when they chose their Administrators and the Commonwealth has been singularly fortunate in its choice. The men chosen have always done their utmost to fulfil the obligation "to promote to the utmost the material and moral welfare and social progress of the inhabitants of the Territory" and if at times there seems to have been an apparent failure in this respect, it has been owing to lack of efficient staff and not to any change in policy.

In the pages which follow, it may seem that in some respects the Government has not done all it might in developing its Mandate, but it must always be remembered that successful Administration of native races is a complex business demanding a vast store of

* Ainsworth - "Report on Administrative arrangements and matters affecting the interests of the natives in the Territory of New Guinea."
experience and a number of highly trained and fully qualified officers. Australia began her experiment with little experience of native races in that she had only managed Papua and even then could not draw on the men trained in the job of governing native races because the staff was too small to spare any for a new venture.

As was seen when dealing with expropriated properties, the Government showed a marked preference for returned soldiers. But while it was the duty of the Government to see that such men were looked after, it was poor judgment to entrust such an important task to unskilled men. Only when all other things were equal should preference have been given to returned men. It might even be argued that ex-army officers would be eminently unsuitable for the Administration of native peoples because their positions in the army would incline them to make hasty and dogmatic decisions and their rule would have a very bad effect on the natives. Administrators of this type would not fit in with Ainsworth's view at all.

As has been noticed the preference for returned men resulted in very frequent changes, for men of no special qualifications got jobs for which they were eminently unsuitable. Now the Commonwealth is following a policy of inducing young men to enter the Service as cadets. These men receive a course of University training in Anthropology, Elementary Law, and Tropical Hygiene and special provision is made for supervision in Practical Fieldwork in
the Territory itself. Thus they are qualified for the job they undertake.

**District Penetration.**

At the outset of the Civil Administration a policy of extension of Government influence by means of peaceful penetration was adopted. By peaceful penetration is meant that the natives are brought under partial Government influence and gradually from "partial influence" through a stage of "influence" to "complete control".

The District Officers were instructed to prepare maps of their districts in areas showing the various stages of Government influence. The stages to be marked were:

(a) Areas where Government control was complete;
(b) Areas under partial control;
(c) Areas under Government influence, that is where a European officer could arrest a native without being molested and where the lives of visiting Europeans would be quite safe;
(d) Areas which had been penetrated by patrols without encountering opposition, but where proper contact with the natives had not been made;
(e) Unknown areas.

In areas under effective control, law and order prevails, and traders and others can proceed without fear of life and property. The roads are made and maintained either by the Government or by the natives, the taxes are paid and the laws obeyed. In areas under partial control it is not advisable for traders/
traders and others to go unprotected, but the Government exercises a certain amount of control in that "luluais" will respond to a summons to appear at a Government headquarters and some taxes are levied and collected.

To follow out its schemes for penetration the Government had many difficulties to face in view of the rugged nature of the country. Every village seemed to be in an inaccessible position - built thus for protection. Added to this was the fact that a different tongue or dialect was encountered every few miles. It is probable that because of the difficult physical features of the country the Germans were prevented from obtaining a knowledge of the various interiors of the islands of the New Guinea group and so confined their main energies to the coastal fringe. Another reason probably was the absence of any wealth coming from the interior with the result that there was no incentive to extend operations inland. Coconuts will only grow a few miles in from the coast, so the former Government expended all its energies in alienating land in the coastal regions. The Germans built some very good roads in the Territory, but with few exceptions they all followed the coast line.

Apart from these difficulties the Government had to face a shortage of men qualified for field work, a field staff at the most included only one officer, because more could not be spared from routine work for penetration purposes. Because only
one officer at a time was usually available to open up new country
a system of base camps was devised. By this scheme, when the
District Officer decided to make contact with the natives in a
certain area under influence, an officer accompanied by ten or
twelve native police constables proceeded to the place accompanied
by sufficient carriers for the transportation of such camp equipment
and supplies as was judged necessary. A camp site was then selected
and rough shelters erected by the carriers. It is impossible for a
Patrol Officer to settle in any one village, because the enemies of
the village would not enter it. For that reason the site always has
to be chosen near a number of villages, but not too close to any one
for that might give the others the idea that a special friendship
existed between the patrol and that village. By using this kind of
tact the members of all villages are induced to come to the new camp
to see what it is about.

The patrol always takes its own provisions in order
that it may not be dependent on the villages for food supplies, but
as soon as the natives show any desire to trade the patrol accepts
the food offerings of the natives in return for trade articles.
When contact is established in this manner the officer begins to
explore the area and desires the natives to build a rest house for
his use. The natives need very little inducement to build this
house on the outskirts of the village for the use of the officer
and other visiting Europeans, because they dislike interference and
it would inconvenience them to have the visitors in their own village.

In return for the rest house the Patrol Officer, when it is completed, visits the village and remains there a few days distributing small presents by way of thanks. To the rest house plants are brought from the coast by police-runners and the village is made responsible for the care of the plants, in return for which service they are given all the fruits which the plants eventually yield.

The Patrol Officer recognise the head man of the village and issues him with a cap showing his rank, and also, where possible, appoints a "tul-tul" from the village to assist the "luluai" and become the official interpreter. Of course the "tul-tul" must be able to understand 'pidgin' English in order to be able to converse with the officer.

When all these preliminaries have been arranged it is not long before the news spreads that the Government has established a village and will exchange valuable things in return for native foods.

In this way the camp makes contact with natives from the surrounding countryside from very many villages. Affairs continue like this, the natives being encouraged to trade, for about three months and then the camp is broken up and the patrol goes back to its coastal headquarters. On departing the Patrol Officer issues an
invitation to all the villages with whom contact has been made to come and feast at the Government's expense. The only condition laid down is that no weapon shall be brought into the camp.

After the feasting the natives, who desire to see what the white man has done, accompany the officer back to headquarters. In order that they might be the readier to do this the officer previously invited to the feast the "luluais" and "tul-tuls" of the villages which would be passed through on the way to the coast so that the interior natives might have no fear of going through villages where all are strangers and possibly hostile.

When at headquarters the natives are treated well and finally go back home escorted by a constable.

This is how the Administration establishes contact with the natives. After the return of the patrol, small detachments of native police visit the new area, usually making monthly patrols to keep in touch with them. Good work is performed for the benefit of all the inhabitants of the villages which are brought into contact with the patrol. Methods of village sanitation are improved and in some villages the cultivation of rice is commenced after being fully explained to the natives. A good deal of the progress made in the villages is often due to the constant efforts of the native constable in charge and his assistance is often appreciated by the natives, especially where they have begun the cultivation of rice, and often need guidance.
It is only after such contact has been made by the Government that recruiters are allowed to enter, in order to find labour and the area is removed from the scope of the "Uncontrolled Areas Ordinance". By this Ordinance the Administration is authorized to declare any area which is not fully or has not yet come under the control of the Administration to be, for the purposes of the Ordinances an "uncontrolled area" and can prohibit entry into such "uncontrolled areas" of any person excepting natives or persons holding a special permit issued by the Administration. Certain parts of the goldfields are proclaimed uncontrolled areas. To secure a permit to enter such an area it is necessary to leave with the District Officer a satisfactory security of £200. This is for the payment of any compensation which may become payable if any native accompanying the person issued with the permit is killed, wounded or injured by a native of the uncontrolled area.

Permits are granted for special areas only and every holder of a permit into an uncontrolled area must be accompanied by ten indentured native labourers, two of whom at least must be able to speak "pidgin" English. Each holder of a permit must have in his possession at least four firearms and sufficient ammunition. All holders of permits are forbidden to enter a native village of the area except in cases of emergency, and have to make their camps at least a quarter of a mile from the nearest village.

The base camp system is used throughout the mainland
of New Guinea except in the Sepik District, where the natives are very warlike. The Germans had made no attempt to bring these natives under control though contact had been made with them on various scientific expeditions. River patrols have been working in this area for many years, but it will be a long time before Government influence is completed in this district. Where native fighting occurs at posts where camps have been established the native police are instructed not to interfere and in the absence of their European officers, have to attend solely to the maintenance of their posts.

In 1926 the District Staff in the Gurobe District had to abandon all its plans for penetration because of the discovery of gold in unknown country and the officers had to undertake the task of ensuring the safety of the large numbers of miners and prospectors who flooded the country—men for the most part who had no knowledge of the natives. The District Officers had to concentrate on bringing the surrounding country under influence because miners and prospectors would be continually pushing further inland in their search for gold.

Where gold was actually found there were no villages within ten miles, but many had to be passed in order to get there. Ill-feeling spread between these villages when it was found that labourers carrying in supplies to the gold fields pillaged from the village gardens on their way in. This friction often became acute
and was not removed till the introduction of aerial transport solved the carrying problem. The importance of this means of transport will be discussed later, but its importance should be noticed here in lessening the penetration problems of the Administration as far as the natives were concerned.

It was part of the work of the patrols to combat the restlessness in the native villages, due to the widespread operations of European miners and a special patrol was made in 1935 on the watershed of the Yellow River to inspect a reported find of gold and a great deal of useful geographical information was recorded in regard to this previously unexplored area. Throughout the whole patrol friendly relations were maintained with the natives who, once friendly contact had been established, gave a great deal of assistance to the patrol.

It is not until the District Officer considers that the lives and property of miners are reasonably safe, unless the natives are provoked, that a site for a new post is determined. It is then that the District Officer makes an aerial survey looking for a suitable landing ground. The route is made as short as possible avoiding villages. When the site is chosen a patrol goes out and when it is considered that it has reached its destination machines fly out with tools and rations which are dropped if the signal is given that the ground is a suitable landing place. The pilot is then informed of the number of days it will take to prepare the ground for a machine and after the appointed time the District Officer /
Officer lands there and begins visiting the nearby villages.

Along these lines the penetration of New Guinea is being carried on and recruiters and missionaries follow the path made by the field staff. This is different from what occurred during the German régime, when the Government followed the missionaries. Sometimes missionaries push further out, but often fatalities occur. When disturbed conditions like this follow, further activities of non-officials are prohibited in uncontrolled areas until some degree of control is established throughout the area.

In the Morobe District the task of the field staff is particularly heavy because of the fact that miners and prospectors disobey Government orders and penetrate into uncontrolled areas, thus causing danger to themselves and the field officers who try to be responsible for their safety. In 1933 two European prospectors who had been refused permits to enter the uncontrolled area because they could not fulfil the required conditions eluded the District Officials and penetrated the country round the Tauri River, where they were killed by a number of natives who had pretended to be friendly. It took five separate patrols to establish control. Some of the patrols were attacked and men killed. Finally a base camp was established and patrols remained until the people were under control. But great tack and patience were needed before the wild mountain people became friendly. This is an example of the damage done by irresponsible prospectors and demonstrates the reason why every discovery of gold has to be accompanied by intensive patrol work.
Work of Patrols.

Apart from the work of penetration the patrols have to consolidate the Territory that has been penetrated and bring the villages already visited under firmer control. All this progress has to be achieved without bloodshed. When missionaries are murdered it is the patrol that has to restore order and by using tact and patience establish friendly relations with the natives once again.

Other work of the patrols includes the investigation of breaches of the law committed by prospectors. The progress of patrols is often handicapped by want of interpreters. That is why if no native in the village is qualified for the position of "tultul" the patrol officer has the "luluai" select one to be sent to head-quarters to be trained without delay. Some patrols are given the special duty of engaging in administrative work and consolidation in villages not completely under control and they do not undertake any further penetration.

Each year, because the work of extending Government influence and the control of uncontrolled areas becomes more arduous, the number of cadets is increased to help cope with the work. For the year 1932-33 the area brought under control or influence was increased by 1,461 square miles for the year, bringing the total area penetrated to 4,710 square miles. Of a total area of 93,000 square miles, 30,166 square miles was under control, 8,000 square miles under influence, 4,170 under partial influence and 4,710 square miles was the area in each District which had been penetrated by patrols.
The amount of work the patrols accomplish in one year can be judged from the fact that in 1934-35 in the Morobe District alone the following penetrated areas came under patrol control: -

- 90 sq. miles in the Chimbu Valley;
- 314 sq. miles in the Bena Bena district; and
- 471 sq. miles in the Upper Ramu district.

In the Sepik District 82 sq. miles were penetrated on the Yellow River, 46 sq. miles overland between Tumbungu and Wewak; 95 sq. miles on the Yuat and Marumuni Rivers and 90 sq. miles on the Yuat and Talu Rivers.

The District of New Ireland was completely under control at the time of the establishment of the Civil Administration and in this and similar areas the Government directed its energies to improving housing and village conditions and native coconut groves as well as stimulating an interest in other agricultural products. As a result of this policy there is seen in New Ireland today instead of old rough huts, villages consisting of neatly built houses, with numerous stores scattered along the road.

In 1936 the Commission of the League of Nations expressed satisfaction with the extent of penetration and expressed the hope that the Administration would rapidly succeed in extending its authority to the areas not yet brought under effective control. The Commission also expressed itself happy to note the efforts being made to increase the Administrative personnel and urged that the Mandatory Power take steps to strengthen the hands of officials in their
their dealings with the representatives of all private interests. It also hoped it would insist upon their making themselves familiar with the dialects spoken in their areas.

It was not until 1936 that the actual frontier between New Guinea and Papua was settled. The frontier existed on paper in terms of latitude and longitude but the marking of the frontier on the ground had not been undertaken because of lack of staff. However, certain disputes had arisen in proximity to the boundary, and survey work established the fact that they were in New Guinea. Although the whole marking of the frontier on the ground was not completed in 1936 it was the intention of the Administration to finish it as soon as possible. However, as there was no further mining activity in close proximity to the boundary and as several claims that had been taken up were abandoned, the survey was not considered to be of an urgent nature and was left to be carried on when sufficient patrol staff was available.

During the year 1936 a party was engaged in determining on the ground the frontier between New Guinea and Netherlands New Guinea and a copy of the party's report was sent to both Governments.

**Indirect Rule.**

As under the German régime the Government carried on a certain amount of indirect rule. The Australian Government did not interfere so much as the Germans had done in the choice of the village chief /
chief or "luluai" but exercised some supervision. It was the village which nominated a candidate and if approved of by the Government he was made a "luluai".

The "luluai" had a certain amount of power granted to him by the Government in the arresting of natives etc. He did not get any salary but, as formerly, was exempt from the payment of Head Tax. Ainsworth urged that the local type of authority be used as extensively as possible or suggested putting something of a similar nature in its place. He insisted that the direct administration of a native people by white officials should be used only as a temporary expedient. His reason for this proposal was the fact that the natives show greater confidence and there is more general advancement when the existing social order remains very little modified. He agreed that certain anti-social laws and customs should be suppressed, but on the whole considered that the natives should be left free to govern themselves as they had done in the past.

Ainsworth disapproved of the Government restricting the powers of the "luluais" and considered that the position of the headmen should be officially recognised by Ordinance. He thought too that the chiefs should be given a definite salary and considered that the "tul-tuls" should be paid because of their position not only as assistants to the "luluais" but as interpreters of the wishes of the District Officer, and the commands of the Government. Their position as the means of communication between those in authority and the people was a very important one.
The "tul-tul" must be an intelligent man who has a knowledge of "pidgin" to be able to understand the District Officer. If there is not a native available with suitable qualifications for the position the "luluai" chooses a man to go to headquarters to be taught. Medical "tul-tuls" are also selected, trained and recommended to the District Officer by a medical officer before becoming eligible for appointment.

The functions of the "luluai" have been gradually extended under the present Administration and now the "luluai" is responsible for the enforcement of all instructions issued by the Government. Assisted by his medical "tul-tul" he is responsible for the sanitation and cleanliness of his village, the health of his people and the removal of the sick to hospital, as well as having to keep the peace and arrest offenders.

The idea of creating a district "luluai" over the village "luluais" was later suggested, for then inter-village and inter-clan disputes could be settled without the interference of the Government. Such a man could be assisted by a joint council and should be given very wide powers and thus be very important to the Administration. This was done and a District Officer now has the power to recommend that a native be appointed as a "paramount luluala" when appointed this man controls a group of "luluais" and the villages under their control. Such an officer - "paramount luluala" - is paid £3 per annum, but none of the other officials receive salary. The only concession granted them is that they are exempt from Head Tax.
Tax. A considerable period of imprisonment is given to any native Government official who receives a bribe or extorts blackmail.

At the end of 1935 the native officials appointed by the Administration numbered 10,829. These included 58 "paramount luluais", 370 "luluais", 3,890 "tul-tuls" and 3,151 medical "tul-tuls". In 1935 a change was made in the system of native officials in that "paramount luluais" were not confirmed in their appointment until they had completed a probationary period of twelve months which could be extended if necessary.

There is a certain amount of local Government combined with missionary assistance in some areas. In the District of Morobe each village has a council and from a number of village councils is elected a larger council and at this headmen sit as a kind of court and adjudicate. These are in the nature of church councils and have no tribal authority.

There is no intention at present on the part of the Administration to allow the natives any great degree of self Government and they will have to show themselves very astute in matters of justice before the Administration will consider that they are capable of administering it. Until then the Government will endeavour to make laws for them in keeping with their own laws and customs and it is the business of all magistrates and judges in the Territory to make themselves acquainted with the social conditions of the natives in order that they may make judgments in accordance with the customs under
under which the natives live. To this end the Government recognises the inheritance laws of the natives as well as their marriage and divorce institutions though they seem strange to us.

Native Police.

The natives play another part in the existing government in that a large group constitute the native police force. The natives form the whole of the police force except as regards warrant officers and officers of higher rank. The European staff consists of a Superintendent of Police, a Drill Instructor, four warrant officers and a clerk. The native members of the force comprise N.C.C's. and constables.

Native police recruits are trained by a drill instructor at the Training Depot in Rabaul. There are six divisions of the native branch of the Force and these are split into divisions and sent to various stations, sub-stations and police posts throughout the Territory. The average native responds very quickly to systematic training and after completing the course of training develops into a smart well set up police boy. The work of the native force is very important in that it has the task, under the various District Officers, of bringing new territory under Government control. Without the aid of such a force it would be impossible to suppress cannibalism and tribal war or even to keep order in areas already under control.
The regulations governing the force are very strict and in 1935 it was made an offence for any member of the Force to accept gold as a gift from any person. The strength of the native constabulary at 30th June 1936 was 748 including recruits. Besides having the functions of police the New Guinea Police Force has also to be prepared to act as an armed force.

**Native Policy of Government.**

As the chief weakness of the German system had been the indenture system the new Government set out with a number of definite aims in respect of their policy towards the natives. Something had been attempted under the Military Administration and now the Government formulated definite aims in this direction.

The aims may be briefly summarized as follows:

(a) To stop the evils which in the past had been connected with recruiting, particularly by allowing recruited native men to take their wives with them.
(b) To improve the health of the natives. This was essential as population had declined noticeably.
(c) By the introduction of model villages with cleaner surroundings to create in the native a desire for better conditions. It was only where sanitation had been especially looked to in the Administrative centres that there had been any decrease in malarial fever.
(d) To encourage the natives to make plantations of useful trees and crops;
(e) To educate the natives.
(f) To introduce healthy forms of amusement.
(g) To extend the influence of the Administration through parts of the Territory not under Government control.
Labour Policy of Australian Administration.

Since the Commonwealth decided to develop the resources of the Territory without the help of Asiatic labour it was essential to make use of the native population, and because of this the indenture system had to go on. However, attempts which had been made to rid it of abuses under the Military Administration were chiefly directed towards checking the decline in population in the areas where recruiting was prevalent.

The first reform was in reducing the bonuses paid to the chiefs in return for labourers. It had been the custom for a recruiter to go to a chief and ask for a certain number of men in return for so much money. Such a custom was little short of bribery as under such conditions the chief would provide as many labourers as required with little regard to the wishes of the natives who had to go through fear of the consequences from the chief if they disobeyed. Such a condition hardly fitted in with the Government's express wish that all contract for service should be voluntary. Secondly, the recruiting natives were encouraged to take their wives. This was important for a number of reasons. To begin with the removing of a large group of your men of marriageable age from a village had been the chief reason for the depopulation the authorities so greatly deplored, which had at times resulted in an area being closed for recruiting purposes. By this new reform such a result should be obviated.
obviated to a certain extent as husband and wife would bring up a family on the plantation and then go back to their own village.

Formerly the labourer would often marry away from his village while in service and when he went back home there would be a certain amount of social dislocation in that his wife would not be recognised by the village folk and more often than not she would be cast off by her husband who would then take a wife from his own village. This new provision would minimise such cases in the future.

Finally, more married men could be induced to accept contract for service if they were allowed to take their wives and children with them. This, from the point of view of the Administration, would be a good thing because there would be bred in the young natives a desire to live under better conditions, as well as habits of industry being implanted in them. This then was a very important reform. Under German rule native married women were allowed to be recruited, but under the Australian Administration no girl or woman could be recruited.

There were also reforms in regard to the conditions on the plantations in regard to proper rations etc. In this respect the regulations of the Administration differed little from the rules under the German régime. The difference was that the Australian Administration saw they were obeyed whereas the former Government had been lax because it did not want the planters unduly burdened.
The method of recruiting is much the same as under the German system. The recruiter, quite often an employer or the agent of an employer, must be a man of good character, and he has to get a Government license to recruit labourers. He has to pay a certain sum usually £50 as security which is forfeited if he breaks the rules. The recruiter then goes to a certain village and asks the chief for labourers. Volunteers are called for and these are taken to the District Officer, where they are medically examined. Only those who are medically fit are passed for service. If unfit for service natives have to be returned home at the expense of the recruiter.

When passed as fit for service the natives are interviewed by the District Officer through the "tul-tul", and he thoroughly explains to them the terms of the contract. If the native still desires to volunteer he is signed on. The length of service for the first time is three years or two years in the case of mining, and after that, if he wishes to re-engage, any period up to three years. Once signed on his hours of work are regulated - not more than ten hours a day - as well as his periods of rest and relaxation. Provision is also made for his sleeping accommodation and rations and payment of wages. The native is usually given a task to do and when that is finished his time is his own.
The Government insists on regulations for medical attention for sick labourers and in this the planters co-operate heartily for a sick native cannot work. Every employer has to keep drugs in case of need and must also have a person qualified to render first aid if he employs more than one hundred labourers. If an employer has over five hundred labourers, he must employ a medical practitioner.

When the date of expiry of the contract arrives the labourer is brought before a medical officer and if passed proceeds to the District Officer and collects the money owing to him. He has to be returned home at the expense of the employer. If he so wishes the native may offer himself to the same master again, but he must return to his village for one month's leave of absence, unless the District Officer decides that the native does not want to do so. In such a case the master pays for his return and his absence is counted as part of the time for the new contract. The re-engagement of natives on the expiration of contracts in 1935 was 5,931.

The Australian Administration does not allow corporal punishment and there are severe penalties for striking a native. Any person who assaults a labourer is liable to a fine of £50 or imprisonment for six months and any unauthorized person who inflicts a flogging on a labourer may be fined £100 or be imprisoned for six months.
In 1924 there were statements in a newspaper with regard to flogging and natives being forced to work with the result that A.S. Canning was sent to investigate. He found nothing to substantiate such claims and in the course of his enquiry examined many Government officials, District Officers, medical men, patrol officers, planters, traders, etc., all of whom were of the opinion that the strict supervision of the officers made it impossible for such a condition as reported to exist. Forced labour was a myth.

With regard to flogging, Canning's conclusion was that it was non-existent. Cases of assault undoubtedly did occur, but they were dealt with promptly and fairly by the Administration and the native was fully aware of his protection.

If the labourer at the end of his contract is unfit the employer is charged with the cost of medical treatment until a certificate is given that he is fit to be paid off or that he has received medical treatment for two months from the date of expiry of his contract. In the latter case the Administration accepts responsibility for further medical treatment until the native is fit, but the employer is still liable for the cost of repatriation when the native is medically fit to go home.

The labourers are examined regularly by the District Officer, who is accompanied on his inspection by a medical officer to see the medical report of the natives. On such inspections the
labourers are given a chance to state their grievances which are thoroughly examined. The Administration holds that as the natives are not able to protect their own interests they need the protection of the Administration from the time they become indentured till the expiration of their contract and so, on his tours of inspection, the District Officer not only sees that the natives are medically examined, but looks at the ration reports, inspects living quarters and blankets etc. as well as ascertaining that the employer has a good supply of hospital stores.

Wherever there appears to be any indication that the continuance of recruiting in any area is liable to prejudicially affect the birth rate the area is closed against recruiting by proclamation.

In spite of removing the abuses of the indenture system, it is not ideal, for it keeps the natives in a state of subservience to the white employer. This is unsatisfactory from the native point of view and does not tend either to his welfare or progress, the two aims the Commonwealth pledged itself to advance. One of the best ways of promoting native progress is to develop the method of peasant proprietorship. This would give the natives something to work for. Under present conditions, after contact with whites and the removal of some of their customs, the natives lose the desire to live and this can only be combatted by establishing something in its place.
The Government is therefore faced with a two-fold problem; that of developing the resources of the Territory by means of indentured labour and also giving the natives some impetus to live in order to check depopulation. The latter aim can best be achieved by interfering as little as possible with village life. The Administration cannot do this as long as the indenture system goes on.

Critics say that the indenture system does not promote native welfare. So the Government is forced to justify its adherence to the indenture system.

Those pointing out the disadvantages of the system maintain that all the native contracts are not entered into voluntarily and that often fear forces a native to sign a contract. On the other hand apathy may make him not care what happens to him. Then again it is urged that a native often has little conception of the contract he is entering. Other weaknesses of the system are illegal recruiting in spite of Government regulations and failure to provide correct rations. It is urged that such weaknesses will continue to happen so long as the Administrative staff is so small that inspections cannot take place oftener. Indentured labourers in a District are rarely visited more than once a year by the District Officer. Moreover, labourers can be defrauded of their wages by their employers.

Apart from putting forward these weaknesses as reasons against the recruiting system, it is also maintained that it leads to
social disruption because of the large numbers of men that are taken away from the village. As only the healthy and energetic are taken this leads to a decline in the morale of the village, a position incompatible with the Government's professed desire to build up the native village and interfere as little as possible. If it is to be consistent the indenture system must go.

There is also a decline in the agricultural output of the village. When a village is left untampered with it produces barely enough for its own sustenance, but when only the very old men and the very young remain the result is likely to be disastrous.

A further objection can be made on the grounds of health. Although the indentured labourer has regular meals and is always in good health when he is signed on, he is far more susceptible to disease than the village native who lives in a state of partial starvation. This may be partly due to the type of food he eats. Besides being unusual it consists of a lot of tinned goods lacking vitamins for resistance to disease. When an attempt was made to improve the diet, it resulted in a great outcry from the planters who objected to the increased cost. Of course natives returning home spread European diseases among the village and a common disease such as measles can have a heavy mortality when such an epidemic strikes a native community.

In 1935-36 a Native Labour Ordinance provided a definite diet scale which is aimed at the building up of a virile native race.
The diet which embodies the results of careful research of health authorities has caused an improvement in the health of the indentured labourers. There is also a decline in the death rate among native labourers. This can be seen from the following table:

<table>
<thead>
<tr>
<th>Year</th>
<th>Death Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1929-30</td>
<td>1.85 per cent.</td>
</tr>
<tr>
<td>1930-31</td>
<td>1.65 &quot; &quot;</td>
</tr>
<tr>
<td>1932-32</td>
<td>2.5 &quot; &quot;</td>
</tr>
<tr>
<td>1932-33</td>
<td>1.59 &quot; &quot;</td>
</tr>
<tr>
<td>1933-34</td>
<td>1.6 &quot; &quot;</td>
</tr>
<tr>
<td>1934-35</td>
<td>1.5 &quot; &quot;</td>
</tr>
<tr>
<td>1935-36</td>
<td>1.06 &quot; &quot;</td>
</tr>
</tbody>
</table>

The death rate is one of the lowest among indentured labour anywhere in the Pacific. In 1935 there were 33,993 natives employed under contracts of service distributed in the following manner:

- Plantations - 17,269
- Mining - 6,369
- Administrative Service - 1,066
- Domestic - 3,139
- Shipping - 700
- Commerce and Industry - 5,450

It is now doubtful whether the recruiting method is as economic as was once thought for a native really only becomes efficient in his third year and then he must be sent back to his village. Many natives desert after a few months and many more are not engaged for over a year. In the year ending June 1935 the number of deserters reported during the year was 1,579 - a deserter being a labourer who absents himself from duty without permission of his employer for any period exceeding seven days. Under such conditions it is doubtful whether the system could be described as a very economic one.
The final reason for criticizing the indenture system is on the grounds that it does not make the native any better off. He receives only one half of his wages monthly and the rest at the end of the contract. The idea is that the native will have something to show at the end of his contract. This is a mistaken policy because it does not teach the native how to spend his money wisely. He gets it just as he is going back to his village and spends most of it in buying presents for his relations in order to win prestige. There is little point in the native earning money if he is not to get practical experience in spending it. If the native was encouraged to learn to use money by being able to spend it as he earned it then his wants would be increased and he would desire to earn more. Under the present circumstances he cannot possibly hope to become a self-reliant individual taking his place in the economic development of his country.

The system is unfair too in that the employer has the use of the labourers deferred pay for three years without interest.

One of the Administration's most pressing problems is to decide whether the indenture system should be continued or whether Asiatic immigration should be resumed in spite of the White Australia Policy which the Commonwealth applied to her Mandate. It is obvious that until the White Australia Policy is discarded indentured labour must remain for the planters must have labour. The introduction of Asiatic labour would serve a very
useful purpose in the Territory for wherever it has been introduced in the Pacific it has always been successful. From an economic point of view such labour would suit the planters better as it would be definitely superior to the present supply. However, one of the rare occasions when the people of the Commonwealth think about New Guinea at all is when the White Australia Policy is discussed and there is a formidable body of opinion against the introduction of Asiatics into New Guinea mainly because of the fear that if once Australia relinquishes her policy for New Guinea she will not be able to justify it to keep Asiatics out of Australia.

Burton urges that the indenture system can be justified only as a temporary expedient. The native is not to be thought of merely as a wage earner on a white man's plantation, but the aim of the Administration should be to make him a competent agriculturalist being able to use his own land for his own interest.

Finally, the evils of social disintegration cannot be too greatly exaggerated and it seems as though the Government, if it is to live up to the promise made by it, must sooner or later relinquish the indenture system. The Administration really desires the uplifting of the native and gives him instruction in improved method of house building and cultivation, teaches him the art of using tools and the principles of sanitation, all in order to make him more useful whether he elects to work for himself or for a white employer. One thing the indenture system does achieve and that is
the good living conditions give him a higher standard of living which cannot but prove beneficial upon his return to village life. Geneva has always been interested in the incen- ture problem and in 1936 expressed the hope that "the Government would give its fullest attention to improving the present system of recruitment and re- engagement of labour and more particularly to subjecting the recruiting agents to stricter control." The Commission went on to express satisfaction that a number of districts had been declared "closed areas" but viewed with concern the intensive recruitment which had been going on in certain districts.

The Administration is now aiming at popularizing a scheme of casual labour, for it has been found that quite often that natives who have been working for many years are willing to go on working providing they do not have to enter any contract. Some plantations have found that where they are situated near a village they have been able to use casual labour very successfully, the natives in this case being able to return to their village every night.

Encouragement of Native Agriculture.

As was suggested before, the chief way in which the Government can advance native welfare is by making the natives into agricultural producers. In this way the natives can be encouraged

+ Minutes of the 29th Session of the Permanent Mandate's Commission 1936.
to work for their own benefit as well as for the Territory and without some stimulus to live depopulation is inevitable. The Administrators found this out at the beginning of their control. No attempt was made to encourage the native to work and the population declined. The problem became acute when the natives failed to produce enough food to feed themselves and food had to be imported to feed the indentured labourers.

Ainsworth urged the introduction of a policy of agricultural development in the interests of the natives and the country, but predicted opposition from the planters who required native labour and would probably find that natives who had their own land to work on would not want to sign on for work outside their own districts. He was willing that the planters be sacrificed if necessary holding that there was no justification for a policy which kept the natives in bondage to the white employer. He, moreover, suggested that the natives be compelled to labour for their own material advancement as they had done under the German scheme when they were forced to bring into existence coconut plantations and maintain them, especially in view of the fact that the food shortage was so acute. He urged this compulsion in order to give the natives not merely material wealth but an increased interest in life as well.

He pointed out that neither the Germans nor the Australian Government had done much to foster any real agricultural instincts among the natives as the production of coconuts seemed to be their only interest to the exclusion of everything else. It was
his opinion that the Administration would do well to concentrate on urging the natives to produce food crops in order to prevent a large sum of money being sent out of the country annually to pay for rice, tinned meats, fish, etc. The money could more profitably be distributed throughout the country in payment for native grown food. The natives, he warned, will have to be compelled to become agricultural producers for they are too indolent and indifferent to set about the task voluntarily.

To further such a plan it was obvious that the natives would need to retain most of their land for their own use and Ainsworth held that the previous policy of depriving the natives of the use of their land was partly responsible for their present indifference. If such a policy was continued the natives could not hope to progress and develop their own lands and would eventually die out.

When in 1925 the Administration decided on a policy of assisting native agriculture it proposed to appoint Agricultural Instructors to assist the natives in the growing of the economic crops which it recommended, and made Regulations under the Native Administration Ordinance conferring power upon the Administrator to direct the planting, trading, harvesting and storing of crops. The scheme, which was commenced with the growing of maize and cotton, was intended to replace the system which had been hitherto in force, under which District Officers and their staffs gave instruction to the natives in the growing of foodstuffs.
In spite of Ainsworth's advice about forcing the natives to become food producers the Administration, when it did finally embark on an agricultural policy for the natives, concentrated on the growing of crops for which there was an external market rather than satisfying the needs of the natives. Crops were grown for which there would be a steady demand in world markets, so for this reason cotton was chosen. In 1924-25 the Administration commenced a series of experiments with this commodity, both on experimental stations and with the aid of private planters, but the experiments were not satisfactory. Maize was another crop introduced, but the Administration did not concentrate on its production for long.

It was evident that some system of agricultural instruction was necessary so the Administration set up a Demonstration Plantation and Agricultural Stations for the benefit of the natives. The aim of the Agricultural Station is to provide foodstuff for the natives employed in certain areas and also for testing the agricultural possibilities of the district. A Demonstration Plantation aims at growing main crops on a scale large enough to demonstrate their commercial possibilities as well as correct methods of cultivation. It also supplies seeds and plants in large enough quantities to be of use to planters. Such seed include cocoa, coffee, kapok, rice and other products.

Selected natives are trained in modern methods of agriculture at the Demonstration Plantation so that when they return to their respective villages they will be able to disseminate their knowledge.
Besides being trained in the cultivation of various economic crops they are taught bridge construction, post splitting and all other matters in connection with plantation management. In 1936 instruction was given in budding and grafting.

At the Demonstration Plantation special effort is made to teach the natives the evils of the shifting cultivation system, which seems to be common to all primitive races and to teach them the benefit to be derived from crop rotation. By actually demonstrating rotation of crops it is hoped to convince the natives how effective it is and thus by example the Administration hopes to stop the shifting agricultural system.

The Demonstration Plantation at Keravat is divided up into blocks surrounded by roads. Part of the area is under cultivation and part still in a jungle state. Each year some more virgin jungle is cleared as well as the cultivated area being maintained. The food produced is used for the plantation labour and also is able to supply some outside demands. Trial experiments are conducted in respect of rice, potatoes, taro, pineapples, cocoa, coffee and coconut.

Special attention is given to the diet of the native labourers on the Demonstration Plantation. The diet is continually varied and supplemented by taro, yam, sweet potato, and green maize. When available bananas, pawpaws, pineapples, ground nuts and mature coconuts are given in addition to the normal ration with the result that the general health of the natives is good.
Planters have now found that they need purchase comparatively little store rations once the plantation is established for between the main crops provisions such as taro, sweet potato, yams, cassava, maize, peanuts, beans and bananas can be grown and if planted in correct rotation the fertility of the soil will not only be maintained but even improved. The native sweet potato is a popular crop for it yields well and takes only four months before it is ready to dig. Moreover, the natives like it. By this method a planter can reduce his ration bill to a comparatively small amount by a little energy and forethought and at the same time provide his labourers with a better diet than that obtained from imported tinned goods.

During the year 1934-35 the number of visitors who went to the Demonstration Plantation numbered 283 and they were given advice and instruction. In the following year the number was 34C.

The Government had to take these measures of educating the natives in modern methods of agriculture because village agriculture was in a very backward state, and all the previous efforts of the Administration had been directed to increasing the area of village coconut gardens. This had resulted in a disinclination to engage in cultivation and moreover sustained effort in agricultural operations had not been the custom of the natives. Furthermore, the natives are very conservative in agricultural matters and a lot of patient teaching is required before they will abandon their old uneconomic methods.
The establishment of Agricultural Stations and the Demonstration Plantation has led to an increased interest in the cultivation of new crops in various districts, and in the vicinity of Rabaul the "luluais" come to the Department of Agriculture for advice as well as seeds and plants.

The natives in the vicinity of Taissea recently became interested in the planting of kapok and rice. Native instructors were sent to the villages and gave assistance to the natives in the way to prepare land for the planting of kapok and later the natives were issued with seedlings which had been planted in the nursery. The villagers showed very keen interest in the enterprise and planted thousands of seedlings. Round this one substation more than 72,000 coconut palms have been planted since 1925 in the adjacent villages.

A similar experiment was tried in the Kieta District, where every able bodied man planted ten coconut palms; ten were also planted for each male child and if any man was away from his village ten were planted on his behalf. The result of this has been that coconut groves have been planted throughout the District of Kieta. Other experiments similar to these two have been tried, but the emphasis has been on the production of copra.

However, around Rabaul and Kokopo considerable quantities of vegetables both indigenous and introduced are being grown by the natives for sale to Europeans and plantations direct
through local native markets. The seeds of suitable varieties of European vegetables are sold at nominal cost to the natives and an officer of the Department supervises the agricultural side of the work. The natives of Kalamana and Kavong are also being instructed in the cultivation of European vegetables and have seeds supplied to them.

The early mistake of the Administration lay in the fact that much effort was expended in the production of cotton instead of the natives being assisted to grow adequate and nutritious food stuffs on their village plantations. The main foods of the natives are yams and bananas and these once planted take two or more years to mature. The result is that one year spent in cleaning and planting is followed by years when nothing is done. The Administration felt that natives should be encouraged to grow annual crops in order to provide constant work. For that reason the growing of maize, cotton and ground nuts was encouraged.

In spite of this the Administration should have concentrated on the growing of native food stuffs and not on production for external markets. The result of the policy has been that some indentured labourers still have to live on imported food stuffs which is not in the interests of the health of the natives. Moreover, the village natives are still insufficiently fed. They consume a lot of bulky foods deficient in food value, with the result that they are in a state of constant semi-starvation. The Territory still only has one staple /
staple - coconut - and the Government seems to spend more attention to it than is necessary when it is at the expense of the other crops.

The natives are encouraged to improve the standard of the copra produced and instruction is given to the natives on their plantations to see that this is done. Instruction is later followed by inspection. The inspectors urge the villagers to clean up their groves and to take steps to eliminate pests. Records are kept of their progress so that the extent of their activity is always clearly shown in the village book. There are also regulations by which the natives may be compelled to keep their coconut groves clean and free from pests. This is done in spite of the section of the New Guinea Act which says there shall be no forced labour permitted in the Territory because it is realized that in their coconuts and their copra the natives not only have a good staple diet but the main source of their wealth.

It is interesting to notice that at the beginning of its régime the Civil Administration had disapproved of forcing the natives to work on plantations as they had been compelled to do under the German Government and abandoned the policy. However, after Ainsworth's report urging the re-introduction of forced agricultural labour of the natives for their own good, the scheme was re-introduced, subject to the strictest regulations. This change of policy was the result of the Administration becoming convinced that the provision of a larger and better food supply was one of the first means of arresting the decline in the native population and the first step towards the natives' social progress was to teach him habit
of industry in his own agricultural operations.

Trade in native copra is developing slowly and will increase as the natives come to understand the advantages to themselves to be derived from trading in this commodity. Traders are established in practically every district and the native is offered an easily accessible market for his products.

The difficulty in stimulating native agriculture lies in the fact that there is a very inadequate staff of instructors and unless the natives are constantly watched they soon lapse into their old habits after the departure of their instructors. By training the natives to become instructors it is hoped that this difficulty will be solved. Then instead of the old haphazard methods prevailing more systematic schemes will be used.

In summing up the policy of the Administration it may once more be noted that its object is to encourage native agriculture for the economic and moral betterment of the natives. Such an aim was unheard of during the German regime. Furthermore, this aim of the Administration is due to the realization that the natives' food deficiency, together with the introduction of the white man's diseases, has lowered the vitality of the natives and has been a major cause of the declining population.

The new policy of the Department of Agriculture includes the encouragement of a cereal crop such as maize and in order
to follow crop rotation to balance production, it has been
decided to grow cotton in the second year and some leguminous
crop in the third. The native is to be encouraged to become a
producer in order that he may be taught habits of industry instead
of as previously for subsistence only.

This policy is one which will take a long time before
it will show results for the natives have to be taught slowly and
patiently, and it requires a large fully qualified staff. The
policy also is dependent on the progress of communication if it is
to be applied to the whole of the Mandated Territory and not just to
the coastal regions. There is no point either in encouraging natives
to produce goods for export if they cannot readily get them to a
convenient port.

Agricultural Policy of Administration.

Besides its Native Agriculture policy the Administra-
tion also has a policy relating to the European agriculturalists in
the Mandated Territory. The outstanding feature of this policy is
the great assistance given to the copra producer.

The coconut has always been the agricultural mainstay
of the Territory and in 1924 copra comprised 98 per cent. of the
total exports of the Territory. The quantity of copra exported in
1913 was 14,000 tons; 1919, 20,000 tons; 1922, 32,684 tons. By
1930 it was 63,832 tons. However, production fell during the
depression to 59,542 tons and has not recovered its former position.
In 1935 the quantity of copra exported during the year amounted to 56,251 tons valued at £361,413, which was a decrease of 6,019 tons in weight, but an increase of £78,084 in value when compared with the figures of the preceding year. However, there was an increase in the weight of dessicated coconut exported.

The area under coconuts increased from 76,845 acres in 1914 to 133,960 in 1918. This was during the Military Administration when planters were applying their profits to their estates when relations were cut off with Germany. By 1923 there were 167,428 acres under cultivation. The following table shows the area under cultivation in the Territory since 1925.

<table>
<thead>
<tr>
<th>Year</th>
<th>Area under Cultivation (Acres)</th>
<th>Area in coconuts including area not in bearing (Acres)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1924-25</td>
<td>176,460</td>
<td>171,526</td>
</tr>
<tr>
<td>1928-29</td>
<td>200,263</td>
<td>194,635</td>
</tr>
<tr>
<td>1931-32</td>
<td>210,907</td>
<td>203,806</td>
</tr>
<tr>
<td>1932-33</td>
<td>222,062</td>
<td>214,290</td>
</tr>
<tr>
<td>1933-34</td>
<td>221,205</td>
<td>213,315</td>
</tr>
<tr>
<td>1934-35</td>
<td>230,360</td>
<td>221,338</td>
</tr>
<tr>
<td>1935-36</td>
<td>239,370</td>
<td>231,922</td>
</tr>
</tbody>
</table>

The copra yield was as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Tons</th>
</tr>
</thead>
<tbody>
<tr>
<td>1924-25</td>
<td>34,461</td>
</tr>
<tr>
<td>1927-28</td>
<td>50,983</td>
</tr>
<tr>
<td>1928-29</td>
<td>56,004</td>
</tr>
<tr>
<td>1929-30</td>
<td>59,951</td>
</tr>
<tr>
<td>1930-32</td>
<td></td>
</tr>
</tbody>
</table>
The Government has always encouraged the copra industry and to make copra from immature coconuts or to buy, sell or offer for sale imperfect copra constitutes an offence in New Guinea for which there is a very heavy fine. Inspectors are appointed with the power to pass or condemn copra for export.

Since inferior copra is almost entirely due to carelessness in curing, the Administration aims first at improvement in the planters' methods and closer supervision of labourers in charge of driers. Steps are taken to see that there is united action on the part of the planters. In order to produce good copra ripe nuts only should be cut, modern drying methods should be used, and cleanliness and supervision of labourers in charge of driers is essential.

Up to 1923 a duty was imposed on copra of 25/- per ton. However in 1935 a law was passed which provided that if the local value of copra fell below £5.15.0 a ton no tax was to be imposed, otherwise it was to be 2/6 per ton.

In view of the continued low price of copra, the Commonwealth Government in September 1930 agreed to a general suspension of instalments on those plantations which had been purchased.
purchased from the Custodian of Expropriated Properties. This moratorium was granted for two and a half years. The moratorium expired at the beginning of 1933 and the Government asked planters for interest at only 4½ per cent. on their installments because of the continued low price of copra. However, even with this concession planters were producing copra at a loss so the moratorium was re-applied in order to prevent the properties reverting to the Government.

The suspension of payments was extended to 30th June 1936. From July 1936 the purchasers of properties were required to resume payment on a revised basis, which provides for a sliding scale according to the market price of copra. Planters who had paid big prices for plantations offered by the Expropriation Board found it difficult to reconcile low prices with production costs, for since 1929 the price of copra declined. It was not until 1933 that it reached its lowest point, when the price fell to £11.10.0 per ton. This meant that the planters were badly hit for when they bought their plantations in 1925 the price of copra had been double that figure.

Violent fluctuations in the price of copra and coconut oil were succeeded in 1935 by a strong upward movement which resulted in a larger output of copra which was accompanied by a general improvement in quality. The following graph is instructive in showing the percentage of copra exported in relation to total exports and also the mean value per ton realized for the period 1920-1936.
Graph showing

1. Percentage of Copra exported to Total Exports
2. Mean Value per ton realised (£A)

Period 1920 to 1936
The principal areas of coconut cultivation in the Territory are in New Britain, particularly on the coast of the Gazelle Peninsula, New Ireland and Lavongai, Bougainville, Burka and other islands of the Kieta district and on the mainland in the districts of Madang, Morobe and Sepik. A plantation takes nine years to come into full bearing if it is on suitable land and properly managed and more than one plantation in a favourable position has been ruined because of inefficient management. A good deal depends on the energy and ability of the planter.

The Demonstration Plantations give assistance not only to natives, but European planters also, and advice is given by the Director of Agriculture, Entomologist, and Economic Botanist, as well as inspectors and instructors. A large number of seeds and plants are distributed to planters both from the Demonstration Plantations and from the Botanic Gardens. At Rabaul plant quarantine inspection is maintained and an inspection and fumigation plant is in working order for the treatment of those plants which require it.

During the year 1934-35 inspectors and instructors reported on 155 plantations and 875 village groves and gardens and special inspections were undertaken by the Director of Agriculture, the Entomologist and the Economic Botanist.
The Administration has encouraged planters to grow coffee and this policy seems to be having results. In order to popularize the crop it was planted on the Demonstration Plantation conducted by the Department of Agriculture. All coffee produced finds a ready local market and the cultivation of this crop should be extended as soon as roads are opened to some of the mountain villages, for fine Arabian coffee needs an altitude of 3,500 ft. to 5,000 ft. above sea level to thrive. There is plenty of suitable land of this nature in the Territory but at the moment it is difficult to get at because of lack of communications.

Considerable interest at present is being taken in the cultivation of the oil palm, mainly on account of the rapid development of the industry in the East Indies. It is pointed out that there should be a good future for such an industry in New Guinea, the range of suitable country for its production is very great. However, not much has been done about it yet. This applies also to sugar. Partly because of the heavy initial outlay, not much has been done towards the production of sugar though large areas are suitable for its cultivation and if worked on up-to-date lines is one of the most profitable crops of tropical countries.

Rice has been grown at the Keravat Demonstration Plantation with good results and various mission centres have experimented with rice growing. The experiment at Sek Harbour had to be abandoned because the natives employed developed malaria. However, the mission authorities were convinced that rice could be successfully grown in New Guinea.
The following graph is interesting in showing the amount spent in the development of the Agricultural Industry from 1921-36:-
PUBLIC FINANCE

T. N. G. GRAPH SHOWING AMOUNTS SPENT IN THE DEVELOPMENT OF THE AGRICULTURAL INDUSTRY PERIOD 1921/2 - 1935/6
Bounties.

As the economic well being of the white settlers and natives alike depends on agricultural development, and in order to encourage production of crops other than coconuts the Commonwealth Parliament in 1926 passed a bill granting bounties on a number of tropical products exported from the Territory. These were cocoa beans, hemp, coir fibre, kapok, spices, bamboo and rattans, sago and vanilla beans. These bounties were payable only when these products were imported for consumption into the Commonwealth.

Together with the bounty legislation, a tariff preference measure was adopted and it was hoped that these two measures would assist producers of the Territory in marketing their products in the Commonwealth. Generally speaking products of the kind covered by bounties were either free of duty or carried a low rate of duty when entering Australia. Such of the products as were not produced in Australia were freed from duty.

As the goods for which bounties were granted form a very small part of the production of the Territory as compared with the total importations into the Commonwealth, the Government preferred the granting of bounties to the levying of duty on similar importations from other sources. The view was also taken that New Guinea being rich in natural resources lacked the capital necessary to develop and utilize its natural resources.
The sum of £250,000 was appropriated for this purpose and was to be made payable during the period of ten years from 1st January 1927 to provide payment of bounties with the provision that no more than £25,000 was to be paid in one year, but where the maximum bounty was not paid in any one year the unpaid balance could be used the subsequent year as well as the maximum amount for that year.

Every claimant had to produce a certificate signed by the Principal Customs Officer at the port of shipment in the country of export to the effect that the goods were the produce of the Mandated Territory of New Guinea or of Papua, and the bounty could only be paid to the exporter or his authorized agent.

Schedule of Bounties provided by the Bounties Act 1926.

<table>
<thead>
<tr>
<th>Goods</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cocoa Beans</td>
<td>1½d. lb.</td>
</tr>
<tr>
<td>Cocoa Shells</td>
<td>1½d. lb.</td>
</tr>
<tr>
<td>Fibres</td>
<td>£3 to £6 ton.</td>
</tr>
<tr>
<td>Sago (not packed for household use)</td>
<td>1d. lb.</td>
</tr>
<tr>
<td>Beans, Vanilla</td>
<td>2/- lb.</td>
</tr>
<tr>
<td>Bamboo and Rattans</td>
<td>£4 ton.</td>
</tr>
<tr>
<td>Spices (unground)</td>
<td>½d. to 1½d. lb.</td>
</tr>
<tr>
<td>Kapok</td>
<td>2d. lb.</td>
</tr>
</tbody>
</table>

Note: In 1931 the amount of bounties payable were reduced by 20 per cent. under the Financial Emergency Act. This reduction still operates.
To promote development and bring about a diversification in production was very essential and with an object lesson in the neighbouring Territory of Papua where the area under cultivation is only one quarter that of New Guinea, the legislators of the Commonwealth were wholly in favour of helping the planters in new economic ventures. To what extent then has the Bounties Act helped them. In July of this year (1937) a Commission from the Department of Trade and Customs, Canberra, visited New Guinea and in their report, which has not yet been made public, came to the conclusion that the results achieved had been disappointing.

In its findings the Commission showed that it had sought by enquiry amongst planters and others who were interested in the development of the Territory, to find out the reasons underlying the failure of the Bounties Act to bring about a substantial production of any of the bountiable crops. Moreover, they sought to ascertain whether better results might be anticipated by an amendment of the Schedule of bountiable products or other means.

From its inquiries the Commission found that the extraordinary economic conditions which prevailed for several years since the bounty legislation in 1926 was first introduced, had deprived the majority of planters of the capital resources necessary to extend their plantations and this factor, together with the uncertainty as to the prices and profitable return on capital outlay, had resulted in planters being unwilling to embark on large scale production of previously untried crops.
A further reason was the fact that the absence of economic transport facilities to the interior caused the production of crops to be restricted to the lower coast areas with the result that only those types of products suited to production in such areas have been tried. This was due to the comparatively undeveloped state of the Territory.

It is interesting to note that the Commission drew attention to the valuable work the Department of Agriculture is doing with its Demonstration and Experimental Plantation at Karavat and its activities in the circulation of information relating to various tropical products. It asserted that its aim was to stimulate the interest of planters in the production of subsidiary crops and as far as could be judged the Commission came to the conclusion that the Department had succeeded in arousing the interest of planters to a limited degree in a few subsidiary crops and it seemed reasonable to anticipate that the work of the Department of Agriculture will ultimately lead planters to attempt the production of other crops on a commercial scale.

At present the main interest of the planters was seen to be, apart from copra, the production of cocoa beans and coffee, the latter not a bountiable product, but one enjoying a tariff preference of 4d. per lb.

In reference to the bountiable product of cocoa beans the Commission found that there had been a gradual increase in the area planted. Exports during the year ended 30th June 1936 amounted to
amounted to 127 tons valued at £3,610, which was double the quantity exported in 1927. All planters who were interviewed reported the planting of additional areas, and it is the opinion of the Planters' Association that within the next 5 years production will be six or seven times greater than at present. The Commission did not think the increase would be so excessive, but saw every reason to expect a substantially larger production within the next few years. Representatives of the Planters' Association complained that planters were not obtaining the full benefit of the bounty from Australian buyers and showed that much better returns had been obtained from shipments sent to England and Germany. However, many of the shipments were very small and this, together with the fact that the beans exported from the Territories were not of a standard grade, led to difficulties in successful marketing. The planters expressed a desire to see a standard established and asked that a system of inspection prior to export, such as applied in the case of copra, should be applied. The Administration is now considering this problem.

The planters expressed themselves satisfied with the amount of the bounty, but desired to have the Financial Emergency deduction of 20 per cent. restored. They, moreover, pointed out that unless the bounty were offered for a minimum of 10 years, it would be unlikely to encourage plantings as planters must wait so long before obtaining a return from the initial outlay. The Commission expressed itself of the opinion that it would be a mistake /
mistake to withdraw the bounty at the present time when it showed more
signs than previously of achieving results and recommended its con-
tinuance for a further period of ten years at the present rates.

The cultivation of cocoa is at present limited to an
area in New Britain, but there is land equally suited to this crop
in various parts of the Territory. The market for cocoa is mainly
Australia as far as the Territory is concerned, but there is no fear
that the supply will exceed demand. During 1935-36, 127 tons were
exported valued at £3,810.

In respect of the bounty on cocoa-shells which is a
by-product obtained when the bean is crushed, planters showed no
interest. However, the Commission considered that the bounty on
cocoa shells should be allowed to stand in conjunction with the
bounty on the whole bean in view of the fact that the cocoa
industry is in its infant stages.

Manila and Sisal Hemp also have a bounty, but there
has been no commercial production of either of these products in
New Guinea although experimental work with those and other hemp
fibres is being carried out by the Department of Agriculture at
the Demonstration Plantation at Keravat. The Director of
Agriculture believes that Sisal Hemp offers possibilities of
successful production if the interest of the planters can be
stimulated. There was a steady though small export of Sisal Hemp
under the German Administration and there seems no reason why,
planted on a large scale, it could not become a profitable industry
with capable men in charge.
Experiments are also being carried out with several other types of introduced hemp yielding plants and there are in addition several varieties of hemp yielding plants growing wild in the territories. In every case, the commercial possibilities are, as yet, unknown. Because of these factors and the fact that increased interest is being taken in subsidiary crops, the Commission recommended that the bounty should be allowed to stand for a further period and in order to stimulate interest the bounty be made applicable to other hemp besides Sisal and Manila.

Coir Fibre, another bountiable product, has not yet been produced on a commercial scale, though a Company installed machinery for its production a few years ago. The Company stated that production had been held up owing to lack of sufficient motive power to operate the machinery, but a quantity of the fibre has already been produced and sent to Sydney for the purpose of ascertaining the commercial demand for the product. The Company which installed the plant thinks that the industry offers commercial possibilities and wish to see the bounty maintained. The Commission also recommended its retention.

In regard to sago, although the sago palm grows wild in many parts of the Territory and supplies are supposed to be plentiful, the experimental shipments in the form of logs that have been sent to Australia have not been favourably received. Although there is not sufficient evidence to indicate whether the development
of an industry is a reasonable expectation, the Commission think that the Commonwealth could reasonably continue to offer the bounty for a further period.

There is no commercial production of Vanilla Beans though they are bountiable and the Director of Agriculture considered that there is not much hope of practical results. However, the Planters' Association considered it desirable to retain the bounty and the Commission recommended its retention.

The commercial possibilities of the several varieties of bamboos and rattans that are indigenous to the Territory are unknown and botanical investigation and identification will be necessary before the actual possibilities can be assessed. Both the Administration and the planters favour the retention of the bounty while the investigation remains incomplete.

Very little commercial interest has been displayed in the production of spices. One planter has an experimental area of pepper, another a small plot of nutmegs and another has grown small quantities of chillies. The Department of Agriculture is not hopeful of important results, but is endeavouring to increase the interest of planters in these crops. As production is only in the experimental stage, the retention of the bounty is recommended.

The Administration and planters realize that the Commonwealth offers a valuable market for kapok and the most recent plantation statistics record plantings totalling over 750 acres.
with less than one-third in bearing. The yield as yet is insignificant and the Administration is endeavouring to persuade planters to increase the area devoted to kapok because Australia could take such large quantities. During 1936 the Commonwealth imported about 10,000 lbs., mostly from the Dutch East Indies. It is used in the furniture trade. This effort is meeting with some success and the Commission recommends the retention of the bounty. Experiments have proved that the climate of the Mandated Territory is suitable for the production of kapok.

Although no rubber is at present being produced within the Territory there are a number of small test plantations in scattered areas available for test tapping, and in view of the success which has been achieved in Papua, there is no reason to doubt that rubber can be produced successfully in New Guinea. The Administration believes that more in the way of development will be achieved by encouraging the production of rubber than will result from the bounties at present offered on other products. The rainfall and soil conditions in the Mandated Territory are ideal for the cultivation of rubber.

There is no information available to estimate the costs of rubber production in New Guinea, but it is thought that until the native labour has been trained in the work of tapping, costs of production will probably be higher than elsewhere. It was
the opinion of the Commission that New Guinea should be included in any scheme which may be devised for stabilising the industry in Papua.

It was learned that the sums expended annually since 1934 in providing the bounties were as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1934-4</td>
<td>£1,150</td>
</tr>
<tr>
<td>1935-6</td>
<td>1,162</td>
</tr>
<tr>
<td>1936-7</td>
<td>1,285 (wholly on respect of cocoa beans)</td>
</tr>
</tbody>
</table>

As a result of this Commission's report the Minister for Trade and Customs introduced during September 1937 a bill reviewing the granting of bounties on similar produce from the Territory of New Guinea entering Australia for home consumption for a further period of ten years.

It seems inevitable when studying the report of the Commission to come to the conclusion that the Bounty system is not the success that Parliament hoped it would be. It seems apparent that it is an ineffective expedient and even the financial depression cannot be blamed for the result, because it took at the most but three or four years of the ten year period. Australia itself has known this system, for example in the manufacture of cotton, the growing of sugar by white labour and at present in the export of wines. However, it cannot be said that the system was of any value as most of the bounties were soon stopped.
To be of any real value the bounties payable must go direct to the man they are intended to help. In the case of the Territory the money is paid to the general revenue fund and the Administrator alone authorises payment therefrom. Although the Commonwealth appropriated £250,000 in 1927 for bounties, the total amount paid to the 30th June 1936 was £8,732, that is, less than the amount which could be paid in any one year under the Papua and New Guinea Bounties Act. Under this system the State is the guarantor that the produce will obtain a certain price. Should the State guarantee the whole price it would become the buyer. Brazil did this some years ago in respect of coffee with disastrous financial effects.

When the State gives only nominal bounties it uses public moneys to provide manufacturers with raw material at a cost a little below what the material is worth, so one is forced to the conclusion that bounties should not be granted unless it be impossible to further develop an industry by means of other taxation methods.

Public Health.

In the Mandated Territory an honest attempt is being made to deal with a difficult health situation. The problem which faces the Administration is the almost impossible one of applying the principles of preventative medicine to backward races. The
Government has followed a consistent policy in this matter and expended a good deal of money to achieve results as the following graph will show. Only for a brief period during the worst years of the financial depression did the Government expenditure on public health drop and then not very much compared with some other reductions:
Graph showing expenditure on public health
Period 1921/2 - 1935/6
In 1922 the staff of the Public Health Department consisted of a Director of Public Health, 6 medical officers and 21 medical assistants. In 1936 it comprised in addition to the Director, 11 medical officers, the Pathologist and 36 medical assistants. This body is responsible for the health of the Territory and its problem consists of curing existing disease and being able to prevent further outbreaks.

At the outset it should be noted that the health problem of the Territory is more than a medical one. It embraces a problem of gradual education in civic training and the principles of personal cleanliness and sanitation for the native population. Anything short of this will render the efforts of the Administration futile.

The chief diseases are :-

(i) Tuberculosis;
(ii) Bacillary Dysentery caused through bad sanitation;
(iii) Typhoid fever having the same cause; and
(iv) Hookworm.

In regard to its medical work the Administration has achieved much but more should be attempted in the direction of preventative medicine. The success obtained has been partly due to the practice of training young natives as medical "tul-tuls" or orderlies. These young men attend a hospital and are given a practical training in the treatment of common diseases. Then when they return to their villages they are equipped with the knowledge of how to deal with milder epidemics, first aid, etc. They go back to their villages with
with a supply of drugs and dressings and do valuable service.

In 1935 there were 3,151 natives holding positions as medical "tul-tuls" and during the course of the patrols 1,537 were inspected. By 1936 the number had reached 3,385 even the remotest villages of the Sepik having a "doctor boy". The growth of this system has been remarkable and there is a noticeable difference between the people in a village which has a medical "tul-tul" and those in a village which has not yet had such an appointment made.

The policy of appointing natives to act as medical and sanitary assistants in villages was begun under the German régime. The natives had previously been orderlies who had done some training in hospital. When they returned to their native villages they were provided with stocks of common drugs, bandages, etc., which the native used when he got back to his village in attending to the minor ailments of his fellows. These stocks could be replaced when they were used.

It was the custom of many of these native "tul-tuls" to build small hospitals in their villages and many of these have been maintained ever since. The medical "tul-tul" as part of his duties had to report to the medical officer any serious case of sickness.

Part of the work of the Department of Public Health has been to raise the quantity and quality of food supplied to the
indentured labourer with the result that all labourers are now given a diet that will maintain their health at a high standard. In 1929, 83,000 natives were examined by the medical staffs on patrol and over 24,000 were treated in hospitals. In 1935, medical patrols visited 1,779 villages which had an available population of 171,781 at the time of inspection and of these 162,791 individuals, that is, 94.7 per cent. were inspected and treated where necessary. The indentured labourers working in the areas patrolled were also inspected, numbering 6,542 individuals, that is, 97.3 per cent. of the natives employed. The indentured labourers receiving a secondary inspection numbered 1,100 and 5,539 village natives received a third inspection. A total of 193,772 inspections were made by the patrolling staff during the year.

In the same year 1935 a Legislative enactment declared the island of Bakawari in the Kieta District to be a quarantine area for leprosy. Another enactment declared tropical typhus to be an infectious disease. The Territory is so close to the ports of the East Indies that great care has to be exercised in the examination of the crew and passengers of ships coming from infected ports.

The Military Administration did a good deal to improve the health conditions of the white residents by an effective system of sanitation at Rabaul and other centres where Europeans were settled with the result that the risk of contracting malaria was considerably
considerably reduced. However, up to the establishment of the Civil Administration little attention had been given to the conditions of living of the natives except by missions and on plantations.

On the establishment of the new Administration instructions were issued to the District Officers to induce the natives gradually to construct healthy houses in the form of village communities in place of living in scattered huts and to keep their houses and villages clean and sanitary. The old custom of burying the dead under the houses was forbidden and instead proper cemeteries were laid out. The natives moreover were encouraged to make roads between villages so that neighbouring tribes could become friendly and to enable supervision of local officers to be easier.

The system of medical patrols enables a great number of natives to be treated in remote districts. During a medical patrol all the natives in each village are collected and the sick are either sent to hospital or treated on the spot. Hookworm treatment is administered to all. It is on such occasions that inquiries are made concerning the birth and death rates and any increase or decrease in population. The villagers are instructed in elementary matters of cleanliness and sanitation. This constant patrolling of native villages has produced good results. Medical patrols continue to carry out their work over an ever increasing area. The Medical Officers and Medical Assistants are instructed where possible to
make at least two patrols yearly throughout the portions of their respective districts which have been opened up and to proceed as much further afield as possible.

Medical patrols are of two kinds:

(i) Those of areas under Administrative control; and
(ii) Those of areas under partial or no Administrative control.

In the first case medical patrols become a routine. The natives get quite used to them and submit to being treated for hookworm etc. without much trouble. Where such a state of affairs exists there is usually a marked lowering of the death rate. In the second case the patrols have to exercise a great deal of patience before the shy natives can be induced to submit to treatment.

All this is the work of the Medical Assistants, that is, Europeans accustomed to hospital routine who treat the sick, administer drugs, etc., and render very valuable assistance to the Public Health Department. These men undertake the work of increasing the area of Administrative influence by carrying out patrols and treating minor cases on the way, sending the more serious ones back to hospital for treatment. They inspect the village supplies of medicine and question the medical "tul-tuls". In addition to this they impart instruction in village hygiene and try to improve housing and general conditions. All this they do apart from their work in the hospitals.

The following table gives a good idea of the amount of work achieved by the medical patrols:
Natives Examined on Patrol.

<table>
<thead>
<tr>
<th>Year</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>1925-26</td>
<td>83,444</td>
</tr>
<tr>
<td>1926-27</td>
<td>93,896</td>
</tr>
<tr>
<td>1927-28</td>
<td>139,170</td>
</tr>
<tr>
<td>1928-29</td>
<td>169,182</td>
</tr>
<tr>
<td>1929-30</td>
<td>133,775</td>
</tr>
<tr>
<td>1930-31</td>
<td>186,128</td>
</tr>
<tr>
<td>1931-32</td>
<td>199,521</td>
</tr>
<tr>
<td>1932-33</td>
<td>243,814</td>
</tr>
<tr>
<td>1933-34</td>
<td>247,993</td>
</tr>
<tr>
<td>1934-35</td>
<td>198,772</td>
</tr>
<tr>
<td>1935-36</td>
<td>242,529</td>
</tr>
</tbody>
</table>

The work undertaken by the Department of Public Health in regard to sanitation involves mosquito control and this has been carried out throughout the town of Rabaul. In 1935 preventive measures were taken which led to the town being practically free from mosquitoes. Lime was applied to the burrows of crabs in order to kill them for crabs create breeding grounds for mosquitoes. Regular inspection was also made of trees in the town and neighbourhood and water holding hollows were treated by recess draining or filling with a mixture of sawdust and coal tar.

These measures have made the town of Rabaul fairly safe from malaria, but it remains the practice of most Europeans to take every night a preventive dose of quinine. Such doses if continued for three months after leaving the tropics prevent malaria attacks, both in a malarial tropical area and on return to a tropical climate. The two things the European must be careful of if he does not wish to contract malaria are the care of his quarters and his own personal protection by regular doses of quinine.
The Mosquito Prevention and Destruction Regulations provide machinery for the control and eradication of mosquitoes. Moreover, people who infringe these regulations may be prosecuted. Owners of land on which mosquitoes are found breeding may be fined £2 and tanks have to be treated with kerosene to prevent breeding.

A regular system of food inspection has been instituted and hotels, restaurants, bakehouses, freezers, meat-shops and stores receive frequent inspection.

All the districts have medical officers and hospitals and the Morobe district has three hospitals at each of the large centres, Salamana, the seaport of the gold fields, Wau, the airport of the gold fields, and Edie Creek, a mining centre. There are European hospitals in Rabaul, Kavieng, Madang, Salamana, Wau, Kieta and Manus, and native hospitals at Rabaul, Gasmata, Talasea, Kavieng, Kokopo, Vamatarai, Manus, Ambunti, Aitape, Salamana, Wau and Kieta; also leper stations near Madang and Kavieng.

Of the 9,668 natives treated in the hospitals in the Territory for the year ending 30th June, 1935, 145 died or 1.49 per cent., which is a very small death rate. During 1935-36, 12,942 natives were treated as in-patients and 15,336 as out-patients of Administrative hospitals. For this period deaths numbered 316, over 20 per cent. of that number being due to pneumonia.

Kavieng and Lorengau have a quarantine island and Salamana has a quarantine reserve. Many good sanitarium sites exist in the Territory and several missions have hill stations which
they use for their members. It has been pointed out that a scheme of health resorts is essential for the benefit of those Europeans in the Territory who cannot afford holidays to more temperate regions. Most of the suitable sites are difficult of access, but several have been marked out as the future locations of sanitariums. Such health resorts should be in the mountains in a region where the temperature is between $40^\circ$ and $60^\circ$ and the humidity low. In such areas malaria is unknown and leads to good health. While the cost of establishing such resorts will necessarily be high, it is worth the while of the Administration in order to help the comfort of their officers and save individual expense, for quite often the monotony of the climate, combined with the knowledge that a holiday outside the country is too expensive and probably coupled with a tropical disease requiring attention, have caused many men and women to abandon their work in New Guinea.

It is impossible in New Guinea for a person to work as vigorously as a person in a more temperate region and after 3 or 4 years it is imperative that such persons take a complete rest. It is for this purpose that health resorts should be established and it would be a very effective way of encouraging tropical settlement.

**Education.**

In the early years of the Administration's educational policy the aim was to turn natives into draughtsmen, blacksmiths, etc. The emphasis was on trade education. However, such a policy
did little or nothing to solve the general problem of native education because such training at the most only affected comparatively few natives. The education was very specialized, without a trace of agricultural education, which should have been the Administration's first concern in view of their policy of turning natives into agricultural producers.

The Government's policy in regard to education was probably influenced by the Report of the Royal Commission, which emphasized the need for a system of vocational training for the natives in order that they could be trained to do the manual work involving skill and training which previously had been done by the Chinese. It was early evident that the Government would follow a policy of refusing admission to further Chinese and the Commission thought that as the expense and difficulty of securing suitable white men in adequate numbers would be too great, the natives should be trained for the job. This necessitated the erection of technical schools and the securing of white tradesmen as teachers. The whole policy was to be directed to bringing into existence a number of native artisans.

It is evident from the report that the native was to be educated in the white man's interests and only incidentally for his own. It went on to regret the fact that the missions had not made industrial training a prominent part of their educational system and the natives had only been trained for their own industrial enterprises.
When the Administration embarked on its educational policy it decided that the money for the erection and maintenance of school buildings and for the carrying on of educational work should be met from a Native Education Trust Fund. This was later stopped and now educational expenditure is met from the revenue of the Territory. The Native Education Trust Fund was obtained by levying an Education Tax on all taxable natives in addition to which employers of native labour had to pay a monthly amount in respect of each native employed. This scheme was later abandoned.

Ainsworth criticized the programme of instruction which included elementary education and the teaching of certain trades on the grounds that it did nothing to instil into the natives a real sense of agriculture which was to be their salvation. He considered that only when that was done were the natives fit to consider other elements of education.

In the 1925 Report to the League of Nations it was recorded that the scheme for education provides for all children in the schools to remain twelve years in the care of the Administration. When they complete their training in the elementary school, they follow vocations for which they seem best fitted. During the year under review it was reported that eight were transferred to the technical school. The report went on to express the hope that it will be possible for a certain number of the more intelligent children to be trained to take up minor clerical positions.
The scholastic side of the elementary education during the early years of the Administration centred around the teaching of a number of boys English with the idea that ultimately they would be useful as interpreters in dealing with the natives in the districts. It was also hoped that these natives could teach English to those in other villages - a rather vain hope for it takes a native five years to be able to speak English under constant instruction. What chance has he then, to teach other natives a language which he imperfectly comprehends and away from all white influence. This effort at teaching the natives English was bound to fail because as a language English is alien to the native mind with the result that at the best he only develops a parrot-like imitation of certain words and phrases.

Very few natives will ever use English as an ordinary means of conversation, so that the real method of native education is to teach them in their own language the things that are necessary to enable them to live a useful life. The teaching of English, grammar, reading, etc., could all well be abolished. It is ridiculous to think that native children should be subjected to the same curriculum as Australian children with very little modification. English could be taught as a special subject to a few children, but the Administration should concentrate on a scheme of education which is to benefit the native himself. Trying to imbue him with the principles and ideals of a European civilization is not likely to do this.
In 1929 there was an attempt to revise the system and McKenna investigated the problem. He asserted that industrial and training should have reference to local conditions, that vocational training should be the object of the Administration's efforts to help the native, not the white man. The existing form of education, he found, had little effect on the native in building up a social order through education. He pointed out that in New Guinea there was no proof that the native can react to suitable education because it had never been tried, though there was no reason to believe that the natives could not become more efficient with education. Furthermore he urged that care should be taken to maintain native arts and crafts.

As a result of this report a more realistic approach was adopted in regard to native education. Special lessons are now devoted to the teaching of agriculture and special areas of ground are set aside for the demonstration of practical methods. Instruction in native arts and crafts is given in schools under native instructors.

In 1935 the number of pupils in day schools was 160 and during the year seven pupils were placed in employment as Clerks or Assistant Teachers. In the Technical School at Rabaul there were 56 trainees and 16 found employment as tradesman.
Since 1936 there has been a change in the native education policy. As funds become available it is proposed to establish a training school for native teachers with courses in school method and the art of teaching. The aim of the Administration now is to train the natives in personal, domestic and village hygiene, native arts and crafts, elementary agriculture, the reading and writing of English and simple arithmetic. The natives are to be trained only so far as is necessary for them to apply their knowledge to improve their conditions of living in their villages or to be absorbed into the community as trained natives, artisans or clerks. The most intelligent of the pupils will be trained to become native teachers.

The general health of the school pupils is good and each school maintains its own dispensary. All minor ailments are treated at school. In order to ensure physical fitness all pupils participate in sport.

If the Administration is to make a success of its educational policy it will be necessary to spend more money on it. A comparison of the expenditure on education, compared with agriculture, public health, etc., shows that the former receives very little financial assistance from the Government. The following graph shows the amounts expended on education during the last 14 years:-
T.N.G Graph showing amounts expended on Native Education
Period 1921-22 - 1935-36
The large amount spent in 1924 was the result of erecting expensive buildings and appointing a European staff for the benefit of a handful of pupils - 104 in the elementary school and 42 in the technical school. Over 60 per cent. of the expenditure went into the buildings.

The small sum spent on education in 1934-35 of £3,903 was particularly noted by the Permanent Mandates Commission as it represented just over 1 per cent. of the budget of the Territory. It wondered whether the sum was proportionate to the resources of the Territory and to the sums spent on the other services of the Administration.

Under the present system the majority of natives receive no instruction at all, but pupils are selected and despatched to areas where the schools are. Elementary and technical schools have been established in Rabaul and an elementary school at Kavieng and Wau.

In the village schools, conducted by native teachers in connection with the various missions, religious instruction is the principal subject taught. The medium of instruction is usually the vernacular of the areas in which the schools are situated. Only very rudimentary instruction is given in other branches of education. However in those cases where a mission supports itself by a plantation certain natives are trained to work on it. Outside Rabaul the main educational activities are carried on by the missions.
The missions maintain 39 training centres, 62 High, Intermediate or Technical schools, 137 Elementary schools and 2,082 Village schools. It is estimated that 60,387 pupils attend these schools, the majority of them of course going to the village schools. The educational work of the missions is not supervised by the Administration and the work is not inspected by Administration Officers. As the aim of the mission schools is to select and train teachers and catechists they pay little attention to secular education.

The aim of the technical mission schools is to train natives and half-castes in arts and crafts so that they will be able to take part in the industrial activities of the missions or secure employment outside the mission. The elementary schools are under the control of a European teacher who is sometimes assisted by native teachers, while village schools are usually conducted by native teachers whose work is more or less supervised by a European by occasional visits to the schools.

There are three European schools maintained by the Administration and four schools exist for Chinese children, 2 at Rabaul and two at Kavieng. The schools at Rabaul are conducted by the Roman Catholic and Methodist missions and have an enrolment of one hundred and sixty pupils while the enrolment at Kavieng is fourteen.
At the European school in Rabaul there are seventy pupils enrolled. The syllabus is the same as that laid down by the Department of Public Instruction of Queensland. At the Wau Public School there are twenty-eight pupils; at Kavieng ten, and at Kokopo, fifteen.

Language.

The Territory has no universal language and the question has to be decided whether the Administration will choose one and make it the one everybody has to learn, or else recognize three or four as being equally important. This question is vital and is bound up with the whole welfare of the people. Under the civil Administration they have often had to suffer because they neither understood or were understood by their rulers.

The various missions have made some approach to this problem. For example the Methodists have adopted the Blanche Bay language which is widely spoken in New Britain and are teaching it to the natives of New Ireland. Other missions such as the Roman Catholic and Lutheran are also extending the area of certain comparatively widely spoken languages. In this way they are creating several large groups each speaking a different language instead of many small groups each having its own one and not being understood by each other.
In place of a Universal native language the natives have learnt "pidgin" English which is used not only between natives and Europeans, but also between natives of different tribes. Opinion differs as to the value of "pidgin." The Rev. Burton considered that it was "the prime curse of the Territory" and asserted that no adequate understanding could possibly result from it. Yet the Administration does its work in "pidgin" English and the first proclamation was issued in that form.

"Pidgin" English is used throughout the Pacific when dealing with natives and is said to have originated in Chinese sea-ports. Even the Germans had to learn this jargon English in order to converse with their native labourers and servants. They tried to eradicate it in German New Guinea and steps were taken to introduce the Teutonic tongue in its place. A year or so before the war a school was established at Rabaul and young native boys from all over the Possession were brought there. But little had been achieved when the war broke out.

"Pidgin" English consists of a few hundred words most of which are English, but some are native and many English words have a peculiar and special meaning. The natives who learnt "pidgin" English in the Territory during the German régime had never heard English, but had learnt the jargon from other natives who had been recruited to work on plantations or from traders. Ordinary English is unintelligible to those who speak the jargon.
It is obvious that it has its disadvantages and the Administration then tried to teach the natives standard English, but without result. It is possible to teach a few natives English, but impossible to teach it to a whole population as a standard language to be used throughout their lives.

The only solution to the problem seems to be to standardize the predominant language in each of the big divisions in the Territory and to work on that basis. However, the English language remains officially adopted for the Territory and is spoken in the courts, while "pidgin" English is used in all official transactions with the native. More than a decade ago Ainsworth urged that it be made compulsory for cadets to pass an examination in the group-language applicable to the particular district where they were posted, because of the great advantage to be gained in speaking the language of the people you are dealing with. However, the Administration considers that it is too difficult to achieve in a short time. The only people who have a good working knowledge of the native languages are the missionaries although often reside half a lifetime in one spot. Under such conditions they have ample opportunity to learn the language of the people they live with.

At present the Administration is content to rely on "pidgin" English in spite of its faults because it bridges the gap between the native tongue and pure English. The natives seem to learn /
learn it very easily and it tends to get closer to pure English as the native who speaks it makes more contact with Europeans.

**Importance of Government Anthropologist.**

In order to find out what is good for a native people the Administration could not hope to apply European standards and even when some conception of what the welfare necessarily involved was decided, there still remained the carrying out of the programme in such a way as not to injure native life. For this reason then a Government Anthropologist was appointed who could advise the Administration on matters of native custom, and help in shaping a definite policy.

The Administration does not force the native into civilization and is willing to leave alone those native practices which are not repugnant to public order. To carry out this policy the services of an Anthropologist are essential.

**Freedom of Conscience and Religious Missions.**

From the time of the German occupation there have been various missions established in New Guinea and these have done good service. They have proved very valuable to the Administration in that they constitute the only white men in the country who can speak the native language and as was previously pointed out they are responsible for much of the education of the natives in the Territory.
The missions also carry out medical work and the Administration assists to the extent of distributing medicines free, in proportion to the amount of work done during the preceding half year. Four of the missions have qualified medical practitioners on their staffs.

There are 169 mission stations in charge of Europeans and 1,519 stations in charge of natives. The valuable work done by the missionaries lies in the fact that they have tried to help the natives adjust themselves to conditions arising from contact with a higher and more aggressive civilization. It is imperative that this adjustment take place if the natives are not to perish in New Guinea as so many have done elsewhere. A change in native life is bound to come with European contact and though such a change is to be deplored from the natives point of view, it is inevitable if the Territory is to be developed economically. It is in this connection then that the missionaries are making a very valuable contribution to the Administration.

One of the important features of their work is their interest in half-caste children. The missions train them and encourage marriage among themselves in order that they may form their own communities.

There is no law of the Territory which restricts in any way the exercise of religious worship and the missionaries have free access to any part of the Territory not proclaimed as being uncontrolled. If they want to enter any uncontrolled areas they have
to apply for permits like anyone else. The missions operating in
the Territory include Roman Catholic, Lutheran, Methodist and
Seventh-Day Adventist.

The natives are not forced to accept christianity and, generally speaking, freedom of conscience is granted to them. However, at times, certain outbreaks occur of a quasi-religious nature and when these show signs of hostility to the Administration and anti-social features, they are put down by the Administration usually by arresting the ring-leaders.

**Australian Administration's Treatment of Asiatics.**

Even before the establishment of the Civil Administration it was apparent that Australia would apply her White Australia Policy to the Territory, and Japan at the League of Nations objected to the conferring of any mandate which deprived her of equal opportunity for trade and commerce with other members of the League. When Australia was granted a "c" class mandate over New Guinea her worst fears were realized and not only was Japanese immigration restricted, but Japanese ships were prohibited from carrying copra from Rabaul to Sydney.

Ordinances of the Civil Administration have further restricted the Japanese in the Territory. Regulations of 1923 prohibited persons other than natives from fishing for pearl, pearl-shell or trocas upon certain reefs and no companies can be formed for agricultural, pastoral, mining or forestry undertakings unless two-thirds
two-thirds of the shares are held by British subjects. Similar regulations apply to mining and the expropriated properties could only be sold to British subjects or companies formed by British subjects.

Licenses are required to carry on most businesses in the Territory and these are not granted to aliens and the land applications of Asiatics do not receive much attention. Finally the Navigation Act secured for British shipping a special position in respect of the trade between the Territory and Australia. All this proved very unsatisfactory to the Japanese and Chinese.

This policy of the Administration’s has embittered the Asiatics and has affected the Chinese most of all for they represent the largest numbers of Asiatics in the Territory. Under the German régime they were allowed free entry into the country, but now all immigration is stopped.

As far as the Administration is concerned, because of its policy, it has to support a white personnel to do the work previously done by Asiatics - they were the artisans of the Territory - and this imposes a very heavy cost on the Administration. All the responsible positions must necessarily be filled with white men but the lower grades of the clerical staff could more cheaply be filled by Asiatics.

It was noted before that the expulsion of Asiatics from the Territory has meant that there is no possibility of the indenture system being abandoned.
It is thought in some quarters that if Asiatics were allowed in as indentured labourers, the evils of the indenture system would not be removed but would be added to because of the mixture of races. However, there seems little ground for this belief. Asiatic indentured labour would take the place of native indentured labour, not supplement it, and then the native would be free to become a producer on his own account.

There is also the fear that the Asiatics would mix with the natives and so cause the disappearance of native organizations. However, it does not seem impossible to think that regulated entry of Asiatics into the Territory can be made without harmful effects to the native peoples. Furthermore there is much of the Territory capable of development but without the population to achieve it. If Asiatics were introduced the progress of the Territory could go on at a much more rapid rate than it is now doing. As has been shown previously Asiatics spread commercial instincts among the native peoples by opening up trade relations where white men will make no effort and so help the progress of the natives themselves by helping them create wants.

During the German régime the Asiatics formed the artisan class of the Territory and they are also suited to clerical positions. When Ainsworth made his report in 1924 he stated that practically all of the artisans of the Territory were Chinese, but that they were indifferent workmen because of lack of competition which resulted from the prohibition of further immigration of Chinese.
Chinese and other Asians. They were able to demand high prices for inefficient work because of the monopoly they held. It is clear then that this restrictive policy is very uneconomic.

In 1921 there was a total Asiatic population of 1,778 of which 1,500 were Chinese. The present figures are much the same. The population of the Territory at 30th June 1936 non-indigenous European was 4,310, Asiatic 1,571 and native not including indentured labourers 463,133 and indentured 36,916. Each year the enumerated native population gets larger partly because of the extension of Government influence and partly to a natural increase in the population.

In summing up Australia's policy in regard to Asians one is forced to the conclusion that the Mandated Territory is being subjected to a policy which has little to do with it in spite of the statement of one of Sydney's newspapers that "we conceive our duty to be the development of the natives, and we believe that we can best aid the native in the task of self-realization by enforcing the immigration law, which prevails in the Commonwealth and in Papua."

Public Works.

Since its inception the Civil Administration has embarked on a Public Works scheme. This includes the upkeep of old buildings as well as the establishment of new ones. Wharves, roads and
and bridges have to be kept in repair and bungalows built and enlarged for the use of Administration officers etc. As Administrative influence extends more native hospitals have to be erected, as well as police stations and quarters for the District Officers. Apart from these essential buildings, however, the Government has not launched out on an elaborate scheme for public buildings.

In 1935 a small jetty to facilitate the handling of cargo at Salamana was built and a beacon was erected on centre reef. However, generally speaking, in regard to wharves the Administration confines itself to the upkeep of existing ones which were mainly laid down during the German occupation.

The construction of roads receives more attention as they are indispensable in furthering Administrative work. The great progress in the gold mining industry has also resulted in the need for more roads between the various centres. Roads are generally formed by simply cutting down the scrub and roughly forming the surface. Coral is usually found to make a surface suitable for vehicles and often pulverised pumice is substituted for metal in some of the roads in New Britain. A few years ago experimental sections of bituminous surfacing were laid down in Rabaul.

The owners of land abutting on a road are responsible for its maintenance and this means that the native villagers have to do their share in maintaining the roads for the Government.
A considerable amount of money has been spent recently in erecting great concrete water storage tanks in bungalows, both old and new. These tanks have a 5,000 gallons capacity.

In 1932 an electric light and power system was installed and a telephone service has been established.

The following graph shows expenditure on public works for the period 1921/22 - 1935/6:
T. N. G.

Graph showing expenditure on Public Works
Period 1921/2 - 1935/6

£5,000
£4,000
£3,000
£2,000
£1,000
£0

Periods:
- 1921/2
- 1922/3
- 1923/4
- 1924/5
- 1925/6
- 1926/7
- 1927/8
- 1928/9
- 1929/30
- 1930/31
- 1931/32
- 1932/33
- 1933/34
- 1934/5
- 1935/6

Expenditure:
- £28,922
- £29,107
- £32,656
- £33,561
- £37,666
- £89,659
- £46,581
- £72,153
- £103,517

Public Finance
Development of Communications.

When the Australian Administration was established it found that the Germans had established good roads, but they were all along the coast. Under the present Administration the position in this regard is not very much better. The only roads suitable for vehicular traffic are to be found in the vicinity of the larger settled areas and there is no way to the interior for vehicles. One reason for this is that prior to the development of the gold industry the only people who ventured into the interior were administrative officers whose duty was to extend Government influence. The principal means of communication which was developed for the benefit of the plantations was schooners and small sailing craft usually equipped with motor engines. This was essential for many of the plantations are established on islands; one plantation sometimes consisting of a number of islands. At the end of 1935 there were only 597 miles of vehicular roads in the Territory but 5,047 miles of bridle-paths.

The reason for the extensive mileage of bridle-paths is due to the fact that as Government penetration extends the natives have to build roads which they have to keep in repair. These roads, however, are not fit for vehicular traffic. The natives are not the only persons responsible for the maintenance and repair of roads constructed through their property - European owners of property have the same responsibility. As was previously mentioned
mentioned the development of the mining industry gave some stimulus to the making of roads and in 1935 a mountain road connecting Wau with Edie Creek was completed to a stage that permitted standard gauge motor transport between these two important mining centres.

With the opening of the gold mining industry came the colossal growth of aviation in New Guinea. The development of gold mines from the air is a unique achievement which Australia has attempted successfully.

Because of the difficulties attendant on reaching gold fields by land, having to face not only rugged countryside and hostile natives, but also complete lack of communications, the pioneers of the gold mining industry decided to do the whole thing by air and all the machinery was carried by planes. By 1931 in one month 580 tons of machinery were taken by aeroplane into the interior. This represents more than the combined air fleets of the world had flown in cargo during the whole previous year.

The planes used were the German Junker planes which carried 4 tons of machinery. In order to cope with this heavy air traffic landing grounds had to be established and there are now 26 flying fields in the interior about 6,000 feet up where all machinery and all produce must be brought in by plane.

Aerial transport is not cheap but the gold industry is so rich and the output is becoming so great that the heavy freight charges can be borne and so the development of the gold fields /
fields is rapidly proceeding in spite of the fact they are wholly dependent on aeroplanes for all stores, machinery and mails. Even large crushing and dredging plants have been and are still being carried into the mountains of the interior. The years 1934 and 1935 witnessed the first heavy output of gold which is now a very important economic factor to the Territory and aerial transport has correspondingly increased.

The development of the Morobe plateau is astounding. On it are a series of townships connected by aeroplane lines. They enjoy all the modern conveniences of civilization such as electric light, radio, schools, cinemas, racecourses and cold stores and have regular supplies of fresh meat and vegetables delivered frozen by aeroplane. This has all been achieved by aerial transport in 7 years. There is still no road to the coast and everything needed by the community has been carried in by air, including motor cars, tractors and racehorses.

There is always a good demand for agricultural produce on the goldfield and small holders are now supplying vegetables, corn and native foodstuffs. Attention has also been given to the establishment of the cattle raising industry and dairying industries and in 1935 an application was granted for a Pastoral Lease of 3,000 hectares in the Bulwa area on the eastern slope of the Bulolo River Valley. Dairy cattle were imported and now the township of Wau is supplied with milk.
In the District of Morobe the European population is approximately 2,000, the majority being resident in the gold field area. Now a vast new fertile tableland is being opened up north west of Morobe. It is the Ramu - Mt. Hagen district and is being colonized and developed just as the Morobe plateau has been.

Since the high market price for gold has been maintained the search for profitable areas in the Territory goes on with increasing intensity. Systematic testing and drilling is now going on in alluvial areas which previously had been considered unfit for attention.

The utilization of aerial transport has not been confined to the gold industry. The Administration is using it for the purpose of interior penetration. In the Ramu area, another mining district where District Officers are bringing the natives under control by the base camp system, aerodromes have been cleared and drained and all administrative stores are now transported by air.

One of the most outstanding features of the development of aerial transport in New Guinea has been the freedom from casualties of serious proportion. This is remarkable for the country is most unsuitable for aviation and some pilots practically perform /
perform miracles every time they land. This is due to efficiency and good organization by all the companies operating.

The establishment of a regular air mail service between Australia and Papua and the Mandated Territory has been under consideration for some time and it is expected that a regular service will be operating in the near future. The practicability of such a service was demonstrated by the late Flight-Lieutenant C.T.P. Ulm in July 1934, when he carried the first official air mail between Australia and the Territories. The following graph is a good summary of the development of aviation in the Territory:
T.N.C.

AIRCRAFT OPERATIONS — PERIOD 1932/3 - 1935/6

MILEAGE FLOWN

REGISTERED AIRCRAFT

No

1932 - 33  5
1933 - 34  7
1934 - 35  9
1935 - 36  12

FREIGHT CARRIED

TONS

MAILS CARRIED LBS

1932 - 33  23,188
1933 - 34  78,369
1934 - 35  87,465
1935 - 36  108,654

PASSENGERS CARRIED

1932/3  11,008
1933/4  14,403
1934/5  16,559
1935/6  17,041

1932/3  1,060
1933/4  1,090
1934/5  1,140
1935/6  1,200

1932/3  104
1933/4  130
1934/5  150
1935/6  180
In connection with the development of communications it is necessary to mention facilities for radio communication between the Territory of New Guinea and other parts of the world. A network of wireless stations has been established the principal one being Rabaul which maintains regular communication with Sydney radio stations. These stations are operated by the Amalgamated Wireless Ltd. In addition to these stations 13 others have been established by the New Guinea Administration to assist the conduct of official business with District Officers in remote areas.

Apart from these radio services several stations in New Guinea are owned and operated by gold exploration parties, aircraft companies and mission institutions.

**Gold Production in the Territory.**

In New Guinea several gold fields have been proclaimed and events of the past few years have proved that gold exists in large quantities. The chief gold field is in the Morobe district where hundreds of mining leases have been pegged out.

A miner's right may be issued in the Territory for any period not exceeding 10 years on payment of £1 for each year it is in force. The prospecting area to which the holder of a miner's right is entitled is not more than 400 metres square if outside the limits of a gold field and if within the limits of a gold field the area varies from 300 metres square to 150 metres square according to
the distance of the prospecting area from the nearest gold mine on which mining operations are being carried out at the date of marking out. Mining ordinances provide for the regulation and inspection of mines, works and machinery used in connection with mining.

The native labour requirements for mining purposes is satisfactory and due regard is paid to safe working conditions where native labourers are employed. At the end of 1935 there were 6,369 natives employed in mining. The Administration employs two officers qualified as Inspectors of Mines and Machinery and these are employed on general mining inspections.

Although other minerals have been found in New Guinea, gold is the only one being mined. The following graph shows the quantity exported from the Territory from 1924/5 - 1935/6 and its value. The total quantity of gold exported from the Territory from 9th May 1921 - 30th June 1936 was 1,568,562 ounces of a value of £7,219,073.
Graph Showing

1. Bullion exported from T.N.G. (in o.t.)
2. Value of the Bullion Exported (£)

Period 1924-5 to 1935-36
Administration of Justice.

Judicial power in the Territory is vested in a Central Court and in District Courts. The Central Court after 1934 became known as the Supreme Court. In every Administrative District, Courts for Native Affairs have been established and where necessary Wardens' Courts with jurisdiction in matters relating to mining have been established. Appeals lie from these courts to the Supreme Court and from it to the High Court of Australia.

The jurisdiction of courts for native affairs is limited to matters "between natives and other natives" and the Director of District Services and Native Affairs has power to appear on behalf of natives charged in the courts. Every native is defended on trial by an officer of the Department of District Services and Native Affairs. These courts deal with certain aspects of native offences, which do not come within the province of the European criminal code, such as sorcery.

Every District Officer, Assistant District Officer and the Director of District Services and Native Affairs, are members of Courts for Native Affairs and in these courts the native viewpoint and custom are given special consideration. Besides offences, native disputes regarding land and other civil matters are heard before this court.
In Rabaul Sub-District native courts are held, presided over by a "luluai". These courts have no jurisdiction under the laws of the Territory, but they try all minor native complaints and the punishments inflicted usually consist of a fine. At the present moment the Administration is considering the possibility of allowing certain minor crimes committed by natives to be tried by tribunals composed solely of natives. The idea is to establish one or two such courts first in advanced areas, give them a limited jurisdiction and supervise them carefully to see what happens. The Administration is of the opinion that as far as possible and as soon as possible the natives should be entrusted with the Administration of their own affairs. It thinks that the native is capable of being trained in self-government and that loss of responsibility will adversely affect the progress of the people. Moreover, if full advantage is not taken of the services of the native authorities more and more white officials will be necessary.

Development of Exports from New Guinea.

Until 1926 all goods the produce of the Territory exported to Australia for consumption had to pay the general tariff rates applicable to goods of foreign origin. In addition, the Provisions of the Navigation Act in Territorial Waters Act further increased the difficulties of the planters when exporting goods to Australia. The position of the planters finally became so bad that frequent requests for some alleviation from their burdens was made to the Commonwealth Authorities through the Administrator.
Prior to this in 1922 the anomalous position arose when Australia granted preferential admission to maize from South Africa and at the same time demanded from her own Mandated Territory the full general tariff rates.

On 15th February, 1926, the Minister of State for Trade and Customs successfully introduced into the Commonwealth Parliament a bill granting preferential treatment on 8 items, the produce of the Territory entering the Commonwealth for home consumption. This list was in 1934 increased to 16 items while by an act passed in 1936 the preferential schedule was increased to 20 items. These items cover their main exports to Australia and enable the planters of the Territory to compete successfully with similar products grown in other Pacific Islands.

When for revenue purposes the Commonwealth placed an additional tax called the primage tax on goods entering the Commonwealth, goods from the Territory were charged the rate applicable to the British Preferential rate, i.e., generally 5 per cent. This tax in 1935 was withdrawn from goods imported from the Territory. Papua and New Zealand are the only other countries which have been given this concession.

It will be seen from the following table that the percentage of exports from the Territory to Australia is much lower than the percentage of imports. The value of the gold exports has been excluded since it is all practically re-exported and generally remains in the Commonwealth only for a few days.
Exports from Territory of New Guinea (not including gold).

<table>
<thead>
<tr>
<th>All Countries</th>
<th>Australia</th>
<th>Per Cent.</th>
</tr>
</thead>
<tbody>
<tr>
<td>£A</td>
<td>£A</td>
<td></td>
</tr>
<tr>
<td>1930-1</td>
<td>775,385</td>
<td>53,418</td>
</tr>
<tr>
<td>1931-2</td>
<td>709,680</td>
<td>63,483</td>
</tr>
<tr>
<td>1932-3</td>
<td>647,232</td>
<td>90,950</td>
</tr>
<tr>
<td>1933-4</td>
<td>398,576</td>
<td>68,703</td>
</tr>
<tr>
<td>1934-5</td>
<td>443,380</td>
<td>87,523</td>
</tr>
<tr>
<td>1935-6</td>
<td>868,753</td>
<td>117,419</td>
</tr>
<tr>
<td>1936-7</td>
<td>1,399,039</td>
<td>195,935</td>
</tr>
</tbody>
</table>

The fall in exports in 1933-4 was due to the fact that at the low price prevailing for copra it was barely a commercial proposition to export this commodity. During the period 1935-6, 66,684 tons of copra worth £A761,309 were shipped overseas. Australia's importation of 3,900 tons was valued at £41,066.

The following graph clearly shows the sharp movements in the Territory's export trade for a 6 year period ending 1936. The Australian share of it is not subject to any violent fluctuations:

Over /
Graph depicting exports from T.N.G. (not including gold)

Period 1930 - 1936

Black - all countries
Red - Australian

Note: Figures are taken from the Australian Overseas Trade Bulletin. Statistics from T.N.G. include values for goods which come to Australia to be transhipped.
Development of Australian Exports to Territory of New Guinea.

It was not until 1930 that any serious attempt was made to develop the export of the produce of Australia to the Mandated Territory. Up to 1925 shipping to New Guinea was considered Australian coastal trade and subject to Australian Navigation law, and this confined the trade to Australian ships, but later a change was made and the islands were opened to all shipping.

After the establishment of the Civil Administration, the Commonwealth Government subsidised shipping services to New Guinea to the extent of £50,000 per annum and the subsidised Shipping Company was required to carry Australian cargo in accordance with freight rates as per a schedule approved by the Commonwealth Government. But later in response to Australian manufacturers the Government approached the Shipping Company with the view to seeing whether preferential rates could be allowed shipping in consideration for the large annual subsidy. Preferential rates were requested on the following commodities: rice, milk and cream, preserved meat, cement and timber. Each of these commodities was subject to fierce competition from the United Kingdom and foreign countries, and it was held that granted a special freight rate, Australia would hold the market she had built up in the Territory. The Department of Commerce held an inquiry into freight rates and recommended various lowered rates as much as 7/6d. per ton on cement from Sydney to Rabaul.
It should be remembered that Australian goods entering the Territory were paying the General Tariff Customs dues and were not enjoying preferential rates. This was opposed to the practice followed in the Caroline Islands which were under the Japanese Mandate, where Japanese goods entering the Carolines enjoyed a very definite preferential tariff rate.

The conflict between the Commonwealth and the subsidised Shipping Company (Burns Philip & Co. Ltd.) has not yet been satisfactorily settled. Some reductions have been made and the Government are hoping that in the near future further freight reductions will be made. The Shipping Company contend that The Australian producer and manufacturer are already protected by the favourable exchange rate and that further freight reductions are unwarranted.

**Preferential Tariff.**

In 1930 when there appeared difficulties in the way of securing reductions in freight of sufficient substance to render material assistance to the Australian producer, it was proposed that preferential tariff treatment by the Territory of New Guinea be accorded certain Australian products, either as an alternative or as a plan complementary to the preferential freight possibility. However, it was thought that this would conflict with the rights of other Governments who had assented to
the Mandate system and so it was considered that all signatories to the League of Nations Covenant should remain on an equal footing in regard to a tariff in a Mandated Territory.

But, as mentioned previously, Japanese goods entering the Carolines were accorded preferential treatment. In the words of the Consul-General for Japan in Sydney "this preference operates by virtue of an Imperial Ordinance issued in 1922 whereby the Customs Tariff Law of Japan is applicable without any alteration to the Caroline Islands". It was considered that if Japan could put into force a preferential tariff in a Mandated Territory under its control, it seemed reasonable to assume that Australia might secure a similar policy with regard to the Mandated Territory under its control. On 11th March 1931 the Secretary to the Attorney-General's Department, Canberra, gave this opinion - "I see nothing in the terms of the Mandate issued to the Commonwealth for the Government of New Guinea which would prevent the imposition of a Customs tariff containing preferential duties with respect to imports from Australia".

The reply of the Administrator - Evan A. Wisdom - to this was not satisfactory to the Australian Government. His objection to the preferential scheme was based on the following grounds:

(1) /
(1) That though the terms of the Mandate did not prohibit the granting of a preferential tariff, it would be contrary to the mandatory spirit in that the Mandatory Power would derive profit in the exercise of its powers as Trustee.

(2) The W.R. Carpenter line of ships and a French line which had previously called at Rabaul en route between Noumea and France no longer visited there and thus the competition of foreign goods brought by these lines no longer existed.

(3) Australian produce could be packed cheaper and better.

(4) As regards Government goods the funds available for purchase are funds derived from the community of the Territory; any increase in Government expenditure would have to be met by increased demands on the purse of the local community.

Later in October 1931 the same Administration urged again that the planting industry was not in a position to bear additional burdens, and said that portion of any further costs would fall on the natives of the Territory.

Furthermore, the tariff policy of the Territory of New Guinea is to provide the Administration with a substantial part of its revenue and it is not part of its policy to allow the Commonwealth any advantage over other countries. The object of customs revenue is the provision of revenue not the protection of local industries. This will be clearly shown later when dealing with finance for every drop in revenue caused by reducing taxation on copra was followed by increased customs duties in order to make up the amount so lost. It is obvious then that if preferential rates were granted to Australia the revenue of the Territory would drop.
As a further solution of the trouble it was suggested that fixed rates of duty instead of ad valorem rates be levied by the Territory officials. But here again, neither the Administrator nor the Minister for Commerce in Australia would agree.

After a very thorough investigation into the imports of Australian produce into the Territory of New Guinea in 1933 the following comments were made by the Australian Minister for Commerce:

(1) Milk and Cream - Position reasonably satisfactory.

(2) Rice - Australia not in a position to compete with Burma and India in view of their low costs of production.

(3) Sugar - Australia supplied approximately 60 per cent. of imports. Comments of the Queensland Sugar Board are being sought in this matter.

(4) Wine - Australia supplied £1,435 worth out of £52,223 - Preferential Tariff desired.

(5) Tobacco - Position satisfactory other than in trade tobacco.

(6) Apparel, Textiles, etc. - Australia's share approximately 50 per cent.

(7) Metals, Machinery, etc. - Not satisfactory - Landing costs of foreign goods to be obtained.

(8) Cement - Unable to compete with Japanese cement.

In 1933 the new Administrator - T. Griffiths - again refused to grant a preferential tariff to Australian produce. In his report to the Prime Minister's Department, dated 14.11.33, he reviewed the situation and in addition to his predecessor's reasons added "it is thought that whilst the rate of exchange remains favourable /
favourable to imports from Australia it would not be helpful to Australian Trade to impose unit rates of duty instead of ad valorem duties". He also urged the Commonwealth Government to seek freight rate cuts since in comparison with freight rates from far distant countries the freight rate from Australia was unduly high.

After another investigation in 1934 the Department of Commerce in Australia stated that the general result cannot be looked upon as other than satisfactory from the Australian point of view. The total imports into the Territory had in 3 years grown from £782,000 to £912,000 (16.7 per cent), while the Australian imports had grown from £264,000 to £389,000 (47.3 per cent.) in the same period. The total share of New Guinea trade not enjoyed by Australia in 1933 was £524,000 and a minute examination was made of the commodities which constituted this total. After close scrutiny it was learned that only approximately £37,000 represented the value of the imports which Australia might possibly have secured, unless preferential tariff rates were given her products.

In 1934 the Deputy Administrator reported that although the total imports had increased £11,951 the value of imports from Australia showed a decrease of £13,407. There was a general decline in all classes of commodities except that of Machinery where the requirements for mining purposes were chiefly obtained from U.S.A. This was due to the fact that the dredging companies
companies and their executives and engineers were of U.S.A. nationality. They naturally ordered machinery with which they were acquainted and the value of imports of American machinery showed an increase of over £25,000. The general decline was attributed to the slump caused by the world financial depression.

For the year 1934-35 the total imports remained stationary, but the percentage in Australian imports reached 14 per cent. The figures for 1935-36 showed an increase of 25.5 per cent. in imports for all countries, while Australian imports increased 26.1 per cent. to the value for which being £587,992, but since this figure contains silver specie to the value of £104,000, it does not truly represent a general increase in Australian produce. In metal manufactures and machinery the increase in Australian trade was approximately £50,000.

The granting of preference to Australian produce was again brought forward this year, 1937, when the delegation for the Department of Trade and Customs visited the Territory. Together with M.H.C. Townsend, Treasurer and Acting Chief Collector of Trade and Customs, Territory of New Guinea, all avenues for a settlement were explored. The old objections were brought forward, and no new basis for a final decision was reached. The Treasurer pleaded the financial position of the Territory and asked that the question be deferred for three or four years. This was agreed to and a recommendation thereto was submitted to the Australian Cabinet on the delegation's return to Australia.
Since the Department of Commerce took over the marketing of Australian products in 1930, it has periodically examined Australian trade with all countries and has notified Australian producers where markets were available and the class of goods required. It has also prepared statistical data which is available to all who desire it. With regard to the Territory of New Guinea, the following table shows the percentage of trade obtained by the Commonwealth since 1930:

<table>
<thead>
<tr>
<th>Year</th>
<th>Value</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1930-31</td>
<td>£263,923</td>
<td>32.7</td>
</tr>
<tr>
<td>1931-32</td>
<td>276,248</td>
<td>31.3</td>
</tr>
<tr>
<td>1932-33</td>
<td>333,709</td>
<td>36.6</td>
</tr>
<tr>
<td>1933-34</td>
<td>364,283</td>
<td>39.5</td>
</tr>
<tr>
<td>1934-35</td>
<td>402,268</td>
<td>42.4</td>
</tr>
<tr>
<td>1935-36</td>
<td>587,992</td>
<td>44.8</td>
</tr>
<tr>
<td>1936-37</td>
<td>544,875</td>
<td></td>
</tr>
</tbody>
</table>

Note: These figures were obtained from the Overseas Trade Bulletin published by the Commonwealth Bureau of Census and Statistics and are slightly at variance with the figures supplied by the Administrator of the Territory of New Guinea. This variance is probably due to the value of goods in transit at the close of the year.

It can readily be seen, that should Australia obtain a preferential tariff rate on her exports to the Territory, a still larger percentage of trade will be obtained with a corresponding increase in the already favourable trade balance.

The following graph shows the trend of our exports to New Guinea in relation to the volume of imports from all countries into New Guinea:
GRAPH - DEPICTING VALUE OF IMPORTS INTO T.N.G.
PERIOD 1930 - 1936
ALL COUNTRIES - BLACK
AUSTRALIAN - RED

£263,923
£276,248
£333,709
£365,283
£402,268
£587,922
£948,404
£1,290,788

1931/2
1932/3
1933/4
1934/5
1935/6
Any discussion of the trade of New Guinea would be incomplete without some comparison with the position before the establishment of the Civil Administration in order to show the colossal progress made. The following graph illustrates this very well. The period during which the Military Administration governed the country was marked by a fall both in the value of imports received and exports sent out owing to abnormal world conditions. In 1913 the value of imports was £372,000 and the value of exports £402,000. In 1915 the imports were valued at £153,000 and the exports £167,000. However the position was readjusted by 1919 when the figures were - imports £384,000 - exports £475,000. The year of the establishment of the Civil Administration 1921, showed a further increase £661,000 imports and £674,000 exports (including gold). The latest figures 1935-36 read - exports £2,573,251 (including gold) and imports £1,290,788.
NEW GUINEA UNDER AUSTRALIAN MANDATE

UNDER GERMAN RULE
Period 1900 - 1913

Period 1924 - 1936

Average Yearly Imports
£ 830,000

Average Yearly Exports
£ 794,000

Average Yearly Imports
£ 174,000

Average Yearly Exports
£ 126,000

Bullion Average Yearly Exports
£ 585,000
Revenue and Taxation.

The principal sources of local revenue at the establishment of the Civil Administration were the Business Tax, the Customs Tariff and the Natives Head Tax.

The Native Head Tax of 10/- a year is still levied and is paid by all able-bodied natives under Government control except indentured labourers. Medically unfit natives and "luluais" and "tul-tuils" are exempt as well as mission teachers and members of the native police. The indentured labourer makes his contribution through the native labour tax which is paid by the employer. This tax is not deducted from the labourers' wages although the employer would give his labourers more if he did not have to pay it.

The Administration, in taxing the natives like this, aims not only at raising revenue but also at giving the natives some sense of responsibility of their position as citizens, and also to encourage them to industry since they have to work in order to be able to pay their yearly tax.

The amount of the head tax increases as new villages are brought under influence and as recruiting decreases.

At the establishment of the Civil Administration the Natives Taxation Ordinance 1921 provided for 2 separate taxes, a
Head Tax and an Education Tax. Receipts from the Head Tax were paid into general revenue while receipts from the Education Tax were paid into the Native Education Trust Fund. This scheme of taxing the natives twice proved most unsatisfactory and no payments were collected from natives after about 1923, although the trust fund continued to exist on collections made from employers of native labour and from the proceeds of sales of articles manufactured by pupils of the schools.

During the year 1932-33 it was decided that the cost of education of the natives should be met from the ordinary revenue of the Territory and steps were taken with a view to the abolition of the Native Education Trust Fund.

The Native Labour Ordinance was amended by substituting a Native Labour Tax for the Native Education Tax and by omitting the reference to the Native Education Trust Fund. The Native Labour tax which is payable to the revenue of the Territory is at the rate of the former Native Education Tax and is payable by each employer of native labour as formerly. The tax was fixed at 6s. in respect of each labourer employed at 30th June 1928, and a similar amount in respect of each labourer employed at 31st December 1928.

At the commencement of the year 1933-34 the fund was in credit to the extent of £7,283 and during the year receipts totalled £668 and expenditure £5,379. The balance at the close of
the year was £2,571 and this was expended in the year 1933-34 and the balance of expenditure was met from the revenue of the Territory. From the time the Fund was exhausted until the present all payments for native education have been met from the revenue of the Territory.

The collection of the 2 taxes had led to many difficulties and for many years there had been agitation for one tax only. The general opinion was that the taxation was too high for the benefits which the natives received.

Customs revenue collections contribute much towards the general revenue fund. In 1935 the revenue collected by the Department of Customs during the year amounted to £164,482, which was more by £7,139 than the amount collected during the preceding year. Import duties fall primarily on luxury expenditure of Europeans and export duties fall on the main staples of the country and amount to about 5 per cent. of the value of the exports. Once the tax on copra produced nearly two-thirds of the total revenue from excise duties when that product was the staple of the Territory.

In 1925 the business and income taxes were abolished and to make up in part the revenue which was lost through the abolition of these taxes, increased customs duties were imposed on such items as liquors, cigars, automobiles and power fuses. The abolition of these taxes led to discussion by the Permanent Mandates Commission. It wanted to know whether such taxation had been
been replaced by any other direct taxes on Europeans and whether as a result of the abolition of the business tax the expenditure of the Territory would be borne by the natives in a higher proportion than in the past. It was pointed out that the only substitute for the taxes was the increased customs duties and the articles on which such duties were levied were bought mainly by the non-native population. The collection of revenue by means of such customs duties instead of by a direct business tax did not affect to any extent the proportion of taxation borne by the native and non-native communities.

Furthermore, it was pointed out that as the natives produced a considerable amount of copra for export from the Territory the reduction of the export duty on copra benefitted the the native producer. The attention of the Permanent Mandates Commission was also drawn to the fact that besides customs duties there are many other forms of taxation which are paid exclusively by the non-indigenous population of the Territory, such as Public Health fees and charges, motor traffic fees, stamp duty, Company registration fees, Judicial fees, Native labour fees, etc.

It was pointed out that the public expenditure on the welfare of the natives greatly exceeded the amount paid by them in taxation as apart from the Head Tax paid by non-indentured labourers and a proportion of the export duty on copra they do not contribute /
contribute much more to the public revenue. The European residents on the other hand pay import duty on practically everything they eat and wear. Even the most civilized natives pay little in the nature of import duty and the vast majority pay none at all.

Because of the surplus funds at the disposal of the Administrator in the year 1928-29 the question of reducing taxation was considered. In discussing this possibility attention was given to the fact that the export duty on copra from New Guinea was higher than that imposed in neighbouring territories. For that reason the duty was reduced from £1.5.0 per ton to £1 per ton from 1st October 1928. As a consequence of this reduction the revenue of the Territory for the year 1928-29 was diminished by an amount of about £18,000.

The unfavourable state of the market for copra continued during the year 1929-30 and measures were taken to relieve the industry of some amount of taxation. Additional relief was granted at the end of the year by the reduction of the export duty on copra from 20s. per ton to 15s. per ton from 2nd July 1930. This reduction in the rate of export duty on copra from 20s. per ton to 15s. per ton was estimated to involve a reduction in revenue of £15,000 from that source. Alterations were then made in customs tariff in order to provide approximately an equivalent amount in customs receipts.
In the following year 1931-32 in view of the continued low price of copra the export duty on copra was reduced from 15s. per ton to 7/6 per ton thus involving a further reduction in revenue from that source.

In 1930-31 the revenue collected in the Territory was £49,409 less than that of the year 1929-30. This was due to the effect of the world-wide economic and financial depression. In view of the diminishing income steps were taken to curtail expenditure of administrative services and the total expenditure for the year was £62,934 less than that for the previous year. Revenue for the year totalled £290,234 and expenditure amounted to £293,378, leaving a surplus of £569.16.1 at 30th June 1931. The surplus which had been brought forward from 1930-31 was £569.16.1 and at the close of the year 1931-32 the accumulated surplus was £24,237. This was greatly in excess of the estimate owing to increased activities in the development of the gold mining industry.

In view of this surplus the loan liability of the Administration to the Commonwealth Government was reduced by a special payment of £6,928. The revenue received during 1931-32 showed a marked increase over the former year, being an increase of £15,838 over the receipts for 1930-31. In spite of this increase the Administration continued to make special efforts to curtail the expenditure in connection with the administrative services and the total amount expended was £10,972 less than the expenditure during the preceding years.
During the next two years there were further large increases in revenue mainly due to the development of the gold mining industry in the Territory. Revenue received during 1932-33 was £321,917.5.4 an increase of £15,845.1.6 over the receipts for 1931-32. The following year 1933-34, showed a decrease in the amount collected from export duties because of a further reduction in the rate of duty levied on the export of copra. A customs ordinance of 1934 ordained that export duty shall not be payable on copra when the London price of Rabaul copra falls below £10 sterling per ton.

From 1926-27 there has been a credit balance in the Consolidated Revenue Account as the following table shows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Credit Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>1926-27</td>
<td>£13,638</td>
</tr>
<tr>
<td>1927-28</td>
<td>46,922</td>
</tr>
<tr>
<td>1928-29</td>
<td>20,383</td>
</tr>
<tr>
<td>1929-30</td>
<td>3,714</td>
</tr>
<tr>
<td>1930-31</td>
<td>569</td>
</tr>
<tr>
<td>1931-32</td>
<td>24,237</td>
</tr>
</tbody>
</table>

The total amount of revenue received in the Territory increases yearly. In the year of the establishment of the Civil Administration it was £257,506. For the year 1927-28 it had reached £364,581, while for the year 1935-36 revenue was estimated at £419,920.

The following graph is instructive in showing the relation of expenditure to revenue for the period 1922-36. The revenue includes receipts from the Native Education Trust Fund.
From time to time the Commonwealth Government grants loans to the Administration of the Territory. The loan in each case is repayable by instalments over a period of 30 years and interest is charged to the Territory at the rate at which the particular loan from which the moneys were made available to the Territory was floated by the Commonwealth Government. The unre paid portions of the loans that have been made to the Administration represent the public debt of the Territory. The amount of this debt for the period 1923-24 - 1935-36 is shown on the previous graph.

Apart from loans to the Territory the Commonwealth Government has given special grants to be expended for the welfare of the natives. In 1922-23 a grant of £10,000 was made. The next grant was made in 1925-26 for the same amount and it was understood that it would become an annual grant. By 1928 the amount available to be expended was £13,275, which consisted of the £10,000 grant and an unexpended balance of £3,275. In 1930-31 the grant was reduced to £5,000 and the amount to be expended was £8,992 for there was a balance of £3,993 from the previous year. At the end of the year the balance was £130 to be carried forward to 1931-32. The money was spent on special instruction of natives in agriculture and development of native agriculture, issue of drugs, etc. to natives, Government Anthropologist and other services in connection with the welfare of the natives.
In 1931-32 in view of the special measures which the Commonwealth Government had felt obliged to take in order to reduce its public expenditure and because of the report of the Administrator that the Administration would be able to meet from its own resources during the year 1931-32 the cost of the services for which the Commonwealth Government's special grant had been utilized, no grant was provided by the Commonwealth Government for 1931-32. Provision for the expenditure of these services was made in the Appropriation Ordinance 1931-32 of the Territory. The total expenditure during 1931-32 was £6,582.

Since 1929-30 there has been no Commonwealth grant, the Administration having to meet all its expenses from revenue. Altogether the Commonwealth Government has given £65,000 to the Territory in grants in 15 years. It will be seen from this that the Commonwealth has given very little financial assistance to its mandate. Even when the mandate was accepted the Acting Prime Minister had said that Australia would expect the Territory to pay for itself. This was hardly fair for the progress of an undeveloped Territory like New Guinea needs capital not only to start economic development but also to establish buildings and communications necessary to secure supervision and order. The Germans certainly did not expect their Protectorate to pay for itself and the subsidies from the Imperial German Government were generous. In 1914 the proposed subsidy was £85,350 and in 1913 it was £66,350,
that is, more was spent in one year under the German régime than during the whole period of Australian Administration. From 1904-13 the German Imperial Government had financed the Protectorate to the extent of £595,400. The Commonwealth has been much more generous to Papua, giving that Territory a yearly grant of £50,000 in aid of revenue, as well as loans, and this Territory is far better established than the Mandated Territory.

It may be argued that the progress made under the Australian Administration in regard to the collection of revenue due to increased production has lessened the need for Government assistance and the following graph showing a comparison between revenue and expenditure for the last 10 years of the German Administration and the revenue and expenditure of the present Administration gives some justification for the argument. But it must be remembered that Government influence is continually extending and necessitates expenditure far in excess of what is additionally collected as head tax and furthermore a good deal of the revenue is gained from taxation which seems to be far in excess of the benefits obtained from it.

Over /
New Guinea

Under Australian Mandate
Period 1921 - 1936

Under German Rule
Period 1904 - 1914

Average Yearly Revenue
£320,510

Average Yearly Expenditure
£5,335,998

Average Yearly Revenue
£17,492

Average Yearly Expenditure
£122,941
The policy of making the Territory pay for itself placed a heavy burden on the plantations in the early years of the Civil Administration for copra was then low in price. The percentage of taxation to exports reached over 27 per cent., which was more than double that in the last year of the German rule - 1913. This high rate of taxation was regarded as one of the chief reasons why the first attempts to sell expropriated properties had been a failure.

By 1926 the copra industry was in a position to bear the heavy taxation, but later it had to be reduced. In 1926-27 taxation reached the sum of £206,000 or 19 per cent. of the exports, but a large part of the increase was derived from the gold mining industry.

That it was impossible for the Territory to pay for itself became apparent when the Commonwealth Government had to grant a loan to defray expenses to repair public works, etc. The first loan of £2,000 was made in 1924-25 and further ones have been issued since.

The result of Australia's attitude in making New Guinea pay for itself has been that health measures, agricultural development and extending communications have all been hampered through lack of funds and the Commonwealth, to fulfil its
obligations, should be prepared to give more financial assistance to its Mandate.

**Land and Surveys.**

The German Administration approved of granting land under freehold, but this policy was discontinued under the Mandate. Now a system of leasehold operates. Provision was made by the Land Ordinance 1922-36 for the Administrator to have the power to grant leases under the following divisions: -

(a) Agricultural  (c) Residence and Business  
(b) Pastoral  
(d) Special  
(e) Mission.

The following table shows the distribution of leases and the amount of land granted to each: -

<table>
<thead>
<tr>
<th>Type of Lease</th>
<th>Number</th>
<th>Hectares</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agricultural Leases</td>
<td>353</td>
<td>46,016</td>
</tr>
<tr>
<td>Pastoral Leases</td>
<td>3</td>
<td>3,700</td>
</tr>
<tr>
<td>Residence and Business Leases</td>
<td>304</td>
<td>378</td>
</tr>
<tr>
<td>Special Leases</td>
<td>77</td>
<td>469</td>
</tr>
<tr>
<td>Mission Leases</td>
<td>377</td>
<td>23</td>
</tr>
<tr>
<td>Asiatic Leases</td>
<td>178</td>
<td>2,200</td>
</tr>
<tr>
<td>Long Period Leases from German regime</td>
<td>144</td>
<td></td>
</tr>
</tbody>
</table>

The maximum area which may be held by one person under an agricultural lease must not exceed 2,000 hectares and the term of the lease may not exceed 99 years. Furthermore, the unimproved /
unimproved value of the land must not exceed £5,000. The annual rent is 5 per cent. of the unimproved value.

Pastoral leases are only granted in respect of land which is not suitable for agriculture. The maximum area for a pastoral lease is 4,000 hectares and may not be leased for a period longer than 30 years. The annual rental is smaller than that for agricultural leases being $\frac{2}{3}$ per cent. of the unimproved value of the land.

Conditions attached to the granting of a pastoral lease include the stocking of the lease within seven years with twenty head of cattle or 100 head of sheep to the square mile. For the first five years the regulations require 10 head of cattle or 50 head of sheep to the square mile. So far 3 pastoral leases have been granted.

The present method of acquiring land is for a selector to find suitable land and become satisfied that the native owners are willing to sell. He then makes formal application through the District Officer. The Land Board considers his case and reports to the Administrator who may grant or refuse the application. An application is not considered until the District Officer certifies that the natives are willing to transfer the land to the Administration. If the application for the land is approved the Administration purchases the land and leases it to the applicant.
It is sometimes difficult to find the owner of land for quite often the native claims ownership of land which he does not occupy. The claim is based on some traditional right and the claimant only shows interest in his property when anyone attempts to occupy the land.

As previously pointed out the German Government did not exercise sufficient care in the granting of land and many natives were completely dispossessed, thus causing them to suffer. That policy was partly responsible for the decrease in population. The present Administration has not made the same mistake and exercises a watchful vigilance over all claims for the alienation of land.

In order to safeguard native interests in respect of land the Ordinance forbids a native to sell, lease or dispose of any land except with the approval of the Administrator. Furthermore, the Administrator is not to purchase or lease any land unless he is satisfied after enquiry that the land is not required by the native owners. The Administration follows a policy of resuming land for native reserves and about 9,668 hectares are so proclaimed. By 1935 the area of land unalienated amounted to 23,800,508 hectares.

Of the total area of 93,000 square miles, surveyed by Administration surveyors in 1935 were 2,950 hectares on 261 surveys. This included mining surveys.

Conclusion /
Conclusion.

In summing up the effect of Australian Administration on New Guinea we have to judge between two widely divergent views expressed in regard to Australia's success there. One holds that from the point of view of administering the Mandated Territory, the Australian Government has been a failure. "Why is it", they ask, as did also members of the Mandates Commission, "that the Australian Colonial Officials are always retiring after a year or two and taking up positions with the gold mining companies in their own administrative territory?" They hold that the natives cannot be accorded a square deal when the men who rule them are continually going over to the employers of native labour whom they take for granted have no other aim than the exploitation of the natives. They consider that Germany made a better job of managing the Territory than Australia ever will and tacitly hint that New Guinea would be a good place to start in giving Germany back the colonies for which she is constantly clamouring.

On the other hand, there is the somewhat excessively rosy view which points to the fact that slowly but surely the Administration, the missions and the traders and recruiters who in their own way bring contact with civilization are breaking down the barriers of superstition and jealous primitive ignorance, and that the natives are becoming comparatively progressive and are developing a tendency to live under better conditions. They regard with satisfaction the fact that natives are being recruited in thousands...
thousands for service with the white man, holding that, by doing so they are becoming better citizens. They enthusiastically point to the fact that the former decline in population in the north-western islands has been checked and some islands even show an increase in population. All this, and the improved health of the natives, they attribute to the improvement in diet which has resulted from Administrative care.

Somewhere between these two views the truth lies. The point to remember is this. New Guinea because of its known natural resources is bound to be economically developed and it is well to have as administering such a Territory a body of men whose avowed policy is to look after the interests of the natives. The Commonwealth Government had to face all the difficulties attendant on a pioneering effort when it took over control of the Territory without men of experience to send out, and although many mistakes have been made has endeavoured to live up to its obligation "to promote to the utmost the material and moral well-being and the social progress of the natives."