

(4) *Trading concerns*: (a) Central Hotel, which cost the Government the sum of £9,000 and upon which interest is paid at the rate of 6 per cent., £540; (b) laundry which cost the Government the sum of £6,000 upon which interest is paid, £360. (This is believed to be rented out at £4 per month—£48 per year.)

(5) New wharf: An expenditure of £10,000 has been appropriated for this public work. Up to the present time interruptions have occurred in the construction of the wharf owing to incomplete surveys of the harbour bed, or the failure to be guided by early surveys, and a secrecy is being preserved as to the responsibility for a gross blunder which will cause a heavier outlay of public money than was at first anticipated.

(5) Electric light: There is a poor service with this public utility. An obsolete plant was installed.

(6) Proposed hydro-electric scheme: Before entering upon this work the public may well ask for information as to the cost which will fall upon the public Treasury.

(7) Alcazar: The public has an interest in this property. It was purchased by the Board of Control of the New Zealand Reparation Estates for a sum under £1,700, which is much below its real value. It is a good investment, and is a good asset for either the Mandated Territory or the New Zealand Reparation Estates, whichever may eventually own it. Contrasted with the large sums of money paid by the Administration out of the Samoan Treasury for the Central Hotel and the Tulaele property, the purchase of the Alcazar stands out as *one* sound investment in property. The public is interested in the use to which this property is now applied. Recently expensive buildings have been erected, presumably for His Majesty the King, in which is run a transportation service and an engineering concern on behalf of the New Zealand Reparation Estates, which is chiefly a planting concern. The people are concerned in that private enterprise is crippled and handicapped by the action of officials whose interests they should serve financing through New Zealand Reparation Estates a business to the injury of private enterprise. It has been announced that the New Zealand Government has generously offered to permit the Administrator to apply all profits of the New Zealand Reparation Estates to the general improvement of the country. The citizens are interested to know if the recent heavy expenditure on the Alcazar is classified as an "improvement of the country." They are of opinion the money thus spent out of the generous offer of the New Zealand Government could have been applied to the building and repairing of roads, which are much needed at the present time.

(8) Inspector's residence at Fagamalo, £1,000.

(9) School Extension at Vaipouli, £1,400.

It is considered with a growing depletion of Treasury funds that these works may well be postponed, and, further, the citizens, through their representatives, should exercise some control over this expenditure as well as all other expenditure of the Government funds.

EXPENDITURE GENERALLY.

The expenditure of the country has jumped from £66,765 in 1915-16 to the sum of £133,500 in 1926-27 as from the estimates 1926-27, which means an increase in public expenditure of £66,735, and therefore double the amount only eleven years ago. (See Appendices A and B.)

The figures which the committee present to you must impel the Administration of the Mandated Territory of Western Samoa to take into serious consideration the question of retrenchment—retrenchment in those Departments which, when compared with the neighbouring island Governments, will permit considerable reductions being made in the amounts of salaries and allowances, or a reduction in the number of officials. A more careful drafting of specifications of the cost of public works is absolutely necessary. These specifications should also be submitted to a competent board composed of citizens before being acted upon.

The committee consider the proportion of expenditure in emoluments to the actual revenues too great for the future solvency of the Territory.

LOANS.

It is not desirable to borrow money when the actual necessity for borrowing does not exist. It is not necessary to contract loans for the purpose of paying salaries. If the salaries were reduced or the number of officials reduced in certain departments, there would be no occasion to ask for any loan. Public improvements of an ordinary nature can be effected from the local revenues if the retrenchment is carried out as suggested. Loans should only be raised for public utilities of a nature beyond the present means of revenue, but such public utilities must be revenue-producing sufficient to liquidate the loan in course of time and to pay the yearly interest due.

In addition to the present permanent charges of £7,700 there will be other charges to be met, such as—Interest on No. 2A loan of £32,000, for Native water-supplies, £20,000; new wharf and shed, £12,000. The interest on this loan will be £600 per annum. No. 2B loan of £16,000 for public works, roads, and bridges, and new telephone system. The interest on this loan will be £500 per annum.

CONTROL OF PUBLIC MONEY.

Under the Samoa Act (section 32), the Administrator of the Mandated Territory of Western Samoa, subject to the control of the Minister of External Affairs in New Zealand, directs expenditure from the Samoan Treasury.

Where, the committee ask, do the taxpayers and contributors of the revenue come in? Is there any provision made in the law of the Territory enabling the taxpayers to control any of the expenditure? Prior to the year 1900 the people of Samoa exercised the right both in the Samoan Government and in the Municipality of Apia to control the revenues. That right was granted to