

| Second loan, 1926-27—£48,000 :— | | | | Estimated Cost. | | |
|---|----|----|----|-----------------|----|----|
| Productive— | | | | £ | s. | d. |
| New wharf and shed | .. | .. | .. | 12,000 | 0 | 0 |
| Native water-supplies | .. | .. | .. | 20,000 | 0 | 0 |
| Partly productive and revenue-saving— | | | | | | |
| New roads, new bridges, telephone system, &c. | .. | .. | .. | 16,000 | 0 | 0 |
| | | | | £48,000 | 0 | 0 |
| Amount expended to 31st March, 1927 | | | | £31,000 | 0 | 0 |

I must refer to the comments of your sub-committee under this heading, which comments you adopted and sent on to me. You apparently realized the weakness of the position, for you say, "The Committee may be in error, and, if so, we are prepared for correction. . . . This last paragraph is not, probably, in accordance with facts, but the committee is seeking certain information which at present is not disclosed to the committee." Why have your committee said this in view of the facts (1) that you have had a legal adviser to assist you, and (2) that your reports frequently refer to and show a familiarity with the provisions of the Samoa Act? The only security for loans by the New Zealand Treasury to the Samoan Treasury is that contained in section 33, subsection (4), of the Samoa Act, 1921, viz.:—

"All moneys payable by the Samoan Treasury in pursuance of this section shall be a first charge on the Samoan revenues after payment of the salaries and allowances of the Samoan Public Service."

Even if you did not know the provisions of the statute, why did not your sub-committee or your committee cross the road to the Treasurer's office and seek the truth, instead of proceeding to allege fraud on the part of the New Zealand Government? The gravity of this offence lies in the fact that your comments have been translated into the Samoan language.

"*Vailima*."—You criticize the cost of upkeep of "*Vailima*" and call "special attention" to it. Government House happens to be "*Vailima*," which has treasured literary associations, and is for that reason alone visited by great numbers of tourists from all over the world. In my opinion, the property is a credit to New Zealand and Samoa. The grounds have been beautified and vastly improved to provide recreation for visitors, and they are freely used by citizens and tourists. The paddocks are used as an adjunct to the Agriculture Department for the purpose of cattle breeding for the improvement of native stock. I am confident that the majority of the Europeans and Natives of Samoa regard "*Vailima*" with pride, and resent your criticism of it. I am equally certain that any neglect of the property would arouse world-wide resentment.

I do not know what the upkeep of Government House and grounds in Fiji costs, and therefore cannot make comparisons. But I believe the grounds are kept in order entirely by prison labour, a system we could adopt in Samoa, except that we prefer to use prisoners for farm-development in order to educate them in the better use of their own lands after discharge from prison.

Secretariat.—In comparing the salaries of the Secretariat in Samoa with that of Fiji it might be mentioned that the staff of the Secretariat in Fiji consists of twelve officials, while in Samoa there are only five, and that in Fiji officials receive an addition of 15 per cent. on their emoluments, plus £22 10s. per annum, so that all officers in Fiji are better paid than they appear to be from estimates. Furthermore, nearly all officials in Fiji get free quarters, whereas nearly every officer in Samoa has to pay for quarters. Pensions are also awarded to Colonial Office officials, whereas Samoan officials have only recently been admitted to a superannuation scheme, to which they personally contribute.

Native Affairs.—I merely say that the remarks of the committee on this Department display an utter lack of appreciation of the importance of the Department.

My predecessor in office, the Right Hon. Sir Francis Bell, gave as a policy for this Department that the Secretary for Native Affairs could be treated as a Special Class official, who should be paid well, as he requires to have special qualifications for his appointment. The conditions of the mandate demand that we pay special attention to the Native Department and have the very best officials for it, regardless of opinions of local European residents, who do not appear to understand New Zealand's obligations in regard to the Native race.

To compare the cost of administration of Natives as between Savai'i and Apia from the figures given in the estimates is misleading. All the Native administration is worked from Native headquarters in Apia: it could not be efficiently carried out otherwise. A limited amount of decentralization is, however, arranged for, but Upolu and Savai'i cannot be administered as two separate units in Native matters.

Treasury.—Comparison is made between expense of the Treasury in Fiji and in Samoa (I omit Tonga, for reasons previously mentioned). As Treasury deals with expenditure of public moneys, it would have been more reasonable for the committee to compare the costs of each Treasury and Audit to the total expenditure of the Territory—viz., Fiji, 2·6 per cent.; Samoa, 1·7 per cent.

Customs Department.—The Customs Department in Samoa has, in addition to the ordinary duties pertaining to Customs at Fiji, to deal with inland revenue, licenses, salary and other taxes, water-rates, and issue of liquor under permit from Medical Officers—duties which are not carried out by the Customs Department in Fiji. For these reasons comparisons are impossible.

Harbour Department.—Comparison of expenditure cannot be fairly made by reference to the estimates shown under this heading. In Samoa the whole expenditure in connection with the activities of this Department are shown under the one heading, whereas in Fiji this is not the case. Furthermore, Fijian and Indian labourers are paid at much lower rates than Samoans. The cost of Indian labour in Fiji is about two-thirds that of Samoan labour. This lower cost of labour operates in the expenditure of all Government Departments.

Justice Department.—The criticism that the Registrar is called away to take the place of officers on leave is proof that the Samoan Public Service has no surplus staff. This is a compliment to the economical system of staffing the Administration.