

not sufficient for such a thorough inspection of the Trust Office as is desirable; that should have been apparent to the Commissioners, but I fail to find any recommendation in respect to it in their report.

The Commissioners recommend that the Trust Office should be removed from the control of the Audit Office. This is a matter of policy upon which I might be excused from offering an opinion. I cannot, however, refrain from submitting this view to the consideration of the public. It was about twenty-five years ago that Parliament, by the consent of all parties, determined to establish an office of Control over the public expenditure of the colony. When, shortly after, it resolved to establish a Trust Office, and subsequently an Insurance Office, and to pledge the public revenues as a guarantee for the property intrusted to those departments, it resolved to take the same security for the proper expenditure of their respective funds as it had taken for the expenditure of the public moneys, by subjecting them to the same control; and it seems to me that the whole of the taxpayers of the colony might have just cause of complaint if their money was pledged as a security for the management of two offices, in which only a limited portion of the community have any direct interest, whilst at the same time the precautions which were considered necessary to insure the proper expenditure of the public moneys were omitted in the case of those offices.

Far more necessary, indeed, might such control become if the policy recommended by the Commissioners should be adopted, and the Trust Office were to change its character from that of a safe depository of property to that of an office "carrying on a general financial business," under the conduct of "men of large commercial and financial experience." Should the dream of the Socialists be fulfilled, and Government become the sole traders for the community, many may think that such an institution might legitimately and necessarily become one department of the State; but I apprehend the public will pause before they consent to risk the public revenues in financial business, in competition with private firms, and to give men of however large commercial and financial experience an uncontrolled power to speculate with the public moneys.

The experience of the last few years has not taught us that "men of large commercial and financial experience" have protected the holders of bank-shares from ruinous losses, or encouraged us to trust the public revenues and credit to similar guidance. Whatever may have been the faults in its management, or its errors in particular cases, the broad fact remains that the Public Trust Office has grown from a very small to a very large concern, apparently through its growth in public confidence; that no case of malversation of any part of its funds has been proved; and that in its investments its losses have been very far less than that of other bodies making investments during a period of inflated prices.

JAMES EDWARD FITZGERALD,
Controller and Auditor-General.

Approximate Cost of Paper.—Preparation, nil; printing (1,500 copies), £6 5s.

Price 6d.]

By Authority: GEORGE DIDSBURY, Government Printer, Wellington.—1891.