

The figure of £9,398 was incorrect. That sum appeared at the bottom of page 20 of the estimates; but the expenditure upon public works was continued on the next page. On that page a contemplated expenditure of £6,100 and £36,000, totalling to a further sum of £42,100, was shown in addition to the one figure of £9,398 mentioned by Messrs. Gurr and Smyth. This error was admitted by Mr. Gurr, and is palpable upon a cursory examination of the printed estimates. By reference to Colonel Hutchen's evidence at page 348, it will be seen that all the work shown on the estimates for the year in question—viz., 1926–27—was carried out, with the exception of an Inspector's residence at Fagamalo, for which a sum of £1,000 was appropriated.

In this connection we think that we ought to refer to a remarkable passage which appears in the report of Messrs. Gurr and Smyth (see A.—4B, page 13). It is to be remembered that this report was read and approved by the three members of the Legislative Council who are members of the Citizens Committee—namely, Messrs. Nelson, Williams, and Westbrook—and they would naturally be expected to know at least the main facts connected with an important transaction of the Administration. The passage reads:—

The Committee understand that the public debt of £100,000 was originally incurred for public improvements in the Mandated Territory, and the money was loaned by the New Zealand Government on the security of the Samoa Crown Estates. The committee may be in error, and, if so, we are prepared for correction.

The New Zealand Government, we are informed (probably erroneously), has now taken over the Samoa Crown Estates, and they are held by the New Zealand Government under the title of the New Zealand Reparation Estates.

The property which was pledged for the repayment of this loan of £100,000, upon which the New Zealand Government has already received interest and part sinking fund, amounting to the sum of £28,997, is now, by the action of the New Zealand Government, the property of that Government. The New Zealand Government has, in plain language, foreclosed on the secured property. It is submitted that the loan now should be wiped out, and we recommend that the Administration be requested to apply to the New Zealand Government for a release of the loan or mortgage debt.

A mortgagee, having foreclosed on a property which was secured by a loan of £100,000, and having become the owner of the property without further payment, appears to be in an anomalous position when he continues to carry on the loan whilst he possesses the property which was secured for the repayment of the loan.

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, and this paragraph has been inserted with the particular view for putting the committee right where it may be in error. Explicit information concerning all public funds is sought for when the public is directly interested, and even in cases of indirect interest, such as the revenues of the New Zealand Reparation Estates in Samoa.

Now, the facts connected with this transaction are incapable of dispute. The sum of £100,000 lent by the New Zealand Government to Western Samoa was not secured by any mortgage or charge of or upon the New Zealand Reparation Estates. The repayment was secured under section 33 of the Act of 1921 by a first charge on the Samoan revenues after payment of the salaries and allowances of the Samoan Public Service. Provision was made for payment of annual instalments to the New Zealand Treasury sufficient to provide interest on the loan and a sinking fund under the control of the New Zealand Treasury sufficient to pay off the loan within a period of thirty years. The New Zealand Government never had a security over what is described as the Reparation Estates; these estates were never the property of the Samoan Government, and, of course, were never foreclosed under any security. As we have said, it is surprising that the three members of the Legislative Council were not aware of the main conditions under which the loan of £100,000 was raised. It appears to us that the misstatements contained in the passage quoted are hardly palliated by the expression of some doubt as to their accuracy. These doubts could readily have been resolved. All that was necessary was an inquiry of the Samoan Treasury officers and the exact position of the loan could have been ascertained.

It is to be remembered that this report was read at a meeting largely attended by Samoans, and a circular was issued in the Native language to the Samoans purporting to be a precis of the proceedings of the two meetings. It may well be that the Samoans were not able to fully appreciate or understand the details of the figures or of the financial operations dealt with by the report, but what was said must have been known to be calculated to breed suspicion in their minds as to