

1927, had fourteen units under treatment. Assuming the cost of maintenance to be £50 per unit, the account against Tonga would be as follows :—

Maintenance of fourteen units at £50	..	..	..	..	£	s.	d.
Less interest at 5 per cent. on £591	..	..	..	..	700	0	0
					29	11	0
					<hr/>		
					£670	9	0

Such a scheme would achieve the desired object, and the method of accountancy would simplify future extensions, because it would not be a matter of importance which Administration provided the necessary funds, since whoever provided additional money would receive interest thereon.

9. The method of arriving at the cost of maintenance per unit as set out in Enclosures 2 and 3 to the memoranda attached was approved by the Committee, with the following variations :—

- (a) It was agreed that an amount should be included to cover overhead charges and the services of officers of the Medical and Public Works Departments other than those whose emoluments already form a charge against Makogai votes. The minimum amount which it was felt might reasonably be considered to cover this charge was £500 per annum—the amount to be reviewed in the light of experience after a period of five years.
- (b) That the charge of 3 per cent. for sinking fund on the estimated value of buildings, plant, &c., as shown in Enclosure 5 to the Acting Colonial Secretary's memorandum attached, and on the cost of equipment, valued at £1,000, should be paid to a separate account, to be styled the "Makogai Replacement and Building Fund." The funds in this account should be invested and used as required for replacements, rebuilding, and perhaps also at a later date for new buildings. This fund would serve as an insurance against hurricane damage, and would be available at any time at short notice. This charge should also be reviewed after five years.
- (c) An amount to be included to cover interest and sinking fund on the special loan to be raised for new capital expenditure, as recommended in paragraph 13.
- (d) The cost of fire insurance on buildings, &c., to be included.

10. A statement showing the estimated cost to each Administration per unit, worked out on the proposed new basis, is attached (see Appendix No. 2). Ordinarily, the annual cost to each Administration would be arrived at by multiplying the cost per unit by the *average* number of that Administration's patients for the year. This average for the year 1926 is not at the moment available to the Committee. In the attached statement, therefore, the number of units on the 31st December, 1926, has been used for the purpose of illustration.

11. With regard to the method of arriving at the amount payable annually by each Administration, it was agreed that the most convenient method would be to ascertain the actual cost per unit for one year, and to use that figure as the charge to be made per unit in respect of the following year. For this purpose a Native of the Pacific islands is regarded as one unit : a Chinese as one and a half units ; a European, Maori, and half-caste of European standard as two units.

12. One of the difficult questions before the Committee was to decide on the best means of providing funds for future capital expenditure on major improvements and new works at Makogai. The Chairman explained to the Committee the restrictions imposed on the colony in regard to the raising of loans, and it was pointed out that, with only limited loan funds at the colony's disposal, any appropriations on account of Makogai on works which were, in any event, non-reproductive reduced the amount available for the general and urgent requirements of the colony. It is not, therefore, the present intention of the Government of Fiji to make any further substantial contribution to capital account. On the other hand, it was agreed that it would not be practicable to formulate any scheme whereby other Administrations should make contributions towards capital expenditure in strict proportion to the number of their patients at the Asylum.

13. It was eventually decided to recommend that the authority of the Legislative Council and of the Secretary of State for the Colonies be sought for the raising of a special loan, to be called "The Makogai Loan Fund," for the provision of urgent or desirable works of a permanent nature ; that the loan should be raised as and when required, and that the payment of interest and repayment of principal should be made by equal annual payments over a period of twenty years. Should, however, capital to the amount required be contributed by any one of the outside Administrations the need for raising this loan would not arise, and the Administration so contributing would be credited in its annual account with interest at the rate of 5 per cent. on its capital contribution.

14. Some of the principal extensions which have either been decided upon or contemplated are as follows :—

- Dispensary, with bath and septic tank.
- Extension of accommodation for lepers.
- Hospital for clean labour.
- Oil-mill and refrigerating machinery.
- Improving road for motor-transport—Nasau to Dalice.
- Quarters for junior Medical Officer.
- Main water-reservoir scheme.
- Cottage for Public Works Department.

An approximate estimate of the cost of these works is £15,000, the expenditure of which may be spread over a period of two or three years.