

opened. The bond had been established in an adjacent store of Donald and Edenborough's, which, was absolutely the only building to be obtained for the purpose. An extension of their store was afterwards built and hired as a post-office and bond ("public buildings," the petitioners call them) at a rental of £14 8s. per annum. They have been so occupied ever since, and, in my opinion, very suitably, as that end of the settlement was then the centre of all business with mails and shipping. This year the Union Company have built a wharf at the other end of the settlement, and a change will be desirable when suitable premises can be obtained. There is nothing to warrant the expense of putting up and maintaining what are spoken of as "public buildings."

In 1894, though personally opposed to the contemplated expenditure, I did not oppose it as stated, but, hoping to guide the young Parliament, induced them to form a committee to inquire and report to the next Parliament (1895). They did so. Judge Tepou was chairman, and they ultimately selected a site close to the present offices, and determined on building, but no further definite action was taken. Urged by outside pressure, the subject was annually raised by resolutions of an indefinite character, but no further action taken. I have always opposed such resolutions, and asked for reasons, which were not given.

*Advantage unfairly given to Donald and Edenborough by appointing them Government Bankers.*

On this subject I find that the petitioners, in 1894, were informed as follows: "The Government funds are derived from two sources—import duty and post-office. The import duty amounts on an average to about £750 a year, of which only one-third is paid in cash—the remainder in bonds at two and four months" (for the convenience of importers in the absence of a bank). "This duty is deposited with Donald and Edinborough as received, in accordance with the arrangement made on the 16th July, 1891." (See New Zealand parliamentary papers, Sess. II., 1891, A.—3a, page 10.)

*Post-office Revenue.*—The import duty was then paid in Chili dollars, but the stamps sold abroad were paid for in English money. The petitioners were informed on this point: "The post-office has yielded to the present time from its establishment in May, 1892, the sum of £738. Of this sum, £669, received in British money, has been placed to credit of a public account in the name of the Chief Postmaster with a bank in Auckland, and operated upon by him to make payments abroad. The small balance of £69 is all that has been paid into the bank account in Rarotonga. These arrangements have worked well, and proved economical to the Government. I do not think you could have been aware of the smallness of the amount involved when you propose the establishment of a separate public Treasury and erection of suitable Government offices as urgent at this early stage."

It is only necessary now to add to the above that, while the figures are larger and the adoption of British currency for all purposes has led to all the revenue being paid to the bank account in Rarotonga, the expenditure has also increased, and the balances in the bank have been affected proportionately. Nor should the present petitioners of 1897 have so carefully avoided reference to the important fact that for the whole of their import duties they now receive two months' credit, to enable them to obtain British money. In my judgment the arrangement is still good, and the saving effected by the absence of a Treasury office not to be thought of lightly, with the small revenue at our disposal, and which cannot be increased without the consent of the Maori Parliament, to whom any increase is most distasteful.

*Private Door between Bond and the Premises of Donald and Edenborough.*

All of the petitioners know well that there is no "private door," but that the door in question is secured by two bolts on the bond side and one bolt on the other, and does not give private access in any sense whatever.

*British Currency.*

To keep an adequate supply of British coin in the absence of a bank is not practicable; hence the conception of two months' credit on all duties, as above stated. The petitioners might do a great deal if they united in refusing to accept Chili coin, but of such union there is little prospect, I fear. When urged by me it has been found impracticable.

*Government Auditor.*

Mr. Scard was appointed on the 2nd July, 1891, being then in business as an accountant, and having charge of the books and accounts of rival trading firms, by whom he was thoroughly trusted. He offered to resign when joining Donald and Edenborough permanently, but was induced to continue. In December, 1891, a petition on various alleged grievances was sent by Piltz, Taylor, and others to the Governor (New Zealand parliamentary papers, A.—3, 1892, page 31), but no objection was made to the appointment then, nor, as far as I am aware, till the petition of 1894.

*Auditor auditing his own Accounts and assisting Postmaster.*

The Auditor receives £15 a year as a fee for auditing the receipts and payments. All payments, whether to Donald and Edenborough or other persons, are certified as correct (before going to the Auditor) by the person by whose authority the expenditure was incurred. The Auditor has to see that the certificate is in order, and that the Appropriation Act is not broken. The receipts are audited from the books and vouchers. There is nothing that can be called an Audit Department, nor is one necessary. The expenditure is chiefly in fixed appropriation, as the amounts show.

Mr. Scard acted for Mr. Garnier, as stated, during the only leave of absence the latter has taken since 1891. But the petitioners know perfectly well that a special arrangement was made whereby their invoices were exhibited to me, and not to Mr. Scard, for the purposes of import entry during that time. They know also the difficulty—it might be said the impossibility—of obtaining a suitable substitute in such cases.