

MONDAY, THE 4TH DAY OF NOVEMBER, 1912.

The Committee met at 8 p.m., by leave of the House.

Present: Mr. Hine (Chairman), Hon. Mr. Allen, Mr. Craigie, Mr. Hanan, Mr. Myers, Mr. E. Newman, Mr. Pearce, Right Hon. Sir J. G. Ward.

Minutes of previous meeting read and confirmed.

*Loans to Local Authorities Inquiry.*

The Chairman read a letter received from Mr. C. Monro Wilson.

Resolved, That the letter be attached to Mr. Wilson's evidence.

The Chairman read a letter from Mr. C. A. Cawkwell, covering an affidavit *re* the Remuera Borough finances.

Resolved, That the letter and affidavit be attached to Mr. Cawkwell's evidence.

The Chairman read the following draft report, prepared by him:—

"The Public Accounts Committee, which was directed to inquire fully into all loans paid, or applied for, or provisionally or finally approved for, local authorities under the New Zealand State-guaranteed Advances Act since its inception, and to report on the losses made (if any) since the Act came into operation, the commitments, and the available means and unexhausted loan authorities as at the 31st March, 1912, and the 16th September, 1912, also to report on the letter of the Superintendent of the New Zealand State-guaranteed Advances Department of the 30th September, 1912, to the Minister of Finance, has the honour to report as follows:—

"(1.) The loss sustained by the Local Authorities Branch of the New Zealand State-guaranteed Advances Department since its inception up to the 31st August, 1912, was £23,000.

"(2.) The commitments on the 31st March, 1912, were £820,320; and the commitments on the 16th September, 1912, were £651,310.

"(3.) The available means and unexhausted loan authorities at 31st March, 1912, were as follows:—

Credits in Bank, &c.  
£163,643.

Unexhausted Loan Authorities.  
£778,000.

"(4.) The available means and unexhausted loan authorities at the 16th September, 1912, were as follows:—

Credits at Banks, &c.  
£27,555.

Debits.  
£30,000.

Debits exceeding credits.  
£2,450.

Unexhausted Loan Authorities.  
£825,000.

**" FINDINGS.**

"(1.) In regard to the Superintendent's letter, written on behalf of the Advances Board, alleging that statements were made in the House of Representatives on the 28th September, 1912, to the effect that loans had been granted by the Board to local authorities under political influence, and with a view to influencing the general election of last December: No evidence was submitted substantiating the Superintendent's written statement, and the Committee consider that the members of the Board were ill advised in accepting headlines in the Press reports as sufficient grounds for writing to the Minister in Charge of the Advances Department in the terms used in the letter.

"(2.) The Committee is of opinion that the telegram sent by the Hon. Sir John Findlay five weeks before the day of the general election, and the actions of the Chairman of the Remuera Road Board (Mr. Cawkwell) between the first and second ballots, can only be interpreted as a direct effort to secure political support for the candidature of Sir John Findlay.

**" RECOMMENDATION.**

"The evidence has led the Committee to the conclusion that insufficient control was exercised in administering the loans to local authorities, especially in committing the Department to advances three years ahead, an action which the Committee is advised was contrary to law. Your Committee therefore strongly recommends a change in the *personnel* of the Advances Board."

Resolved, That consideration of the report be deferred until to-morrow, and that the Chairman do ask leave of the House to sit at 12 noon.

The Committee then adjourned.

TUESDAY, THE 5TH DAY OF NOVEMBER, 1912.

The Committee met at 12 noon by leave of the House.

Present: Mr. Hine (Chairman), Hon. Mr. Allen, Mr. Craigie, Mr. Hanan, Mr. Lee, Mr. Myers, Dr. Newman, Mr. E. Newman, Mr. Pearce, Right Hon. Sir J. G. Ward.

Minutes of previous meeting read and confirmed.

*Loans to Local Authorities Inquiry.*

The Chairman read a letter from the Superintendent of the State-guaranteed Advances Board covering a return asked for by the Right Hon. Sir J. G. Ward.

Resolved, That the letter be printed in the appendix.

The Chairman's draft report was then considered.

Resolved, on the motion of Dr. Newman, to adjourn until 3 p.m.

The Committee then adjourned.

The Committee resumed at 3 p.m.

All members present.

Resolved to take the draft report clause by clause.