

Clause 1. Mr. Hanan moved an amendment.

The Chairman ruled that the amendment proposed must apply to the whole report and not to clause 1.

Resolved, on the motion of the Chairman, to insert, after the word "was," the words "between £22,000 and."

Moved by the Hon. Mr. Allen to add the following words to the clause: "and was incurred owing (a) to the Board's difficulty in finding immediate investments for the funds at credit of the Loans to Local Authorities Account; and (b) to the remission of 10s. per cent. allowed to the Department being insufficient to cover expenses and loss of interest whilst the moneys remained uninvested."

The question being put, it was resolved in the affirmative, the Right Hon. Sir J. G. Ward and Mr. Hanan dissenting.

Clause as amended agreed to.

Clause 2. Moved by the Chairman, That the clause be agreed to.

The question being put, it was resolved in the affirmative, the Right Hon. Sir J. G. Ward and Mr. Hanan dissenting.

Clause agreed to.

Clause 3. Moved by the Chairman, That the clause be agreed to.

The question being put, it was resolved in the affirmative, the Right Hon. Sir J. G. Ward and Mr. Hanan dissenting.

Clause 4. Moved by the Chairman to omit the figures "£27,555," and to insert the figures "£27,550" in lieu thereof.

The question being put, it was resolved in the affirmative.

Moved by the Chairman, That the clause be agreed to as amended.

The question being put, it was resolved in the affirmative, the Right Hon. Sir J. G. Ward dissenting.

Clause as amended agreed to.

Resolved, on the motion of Dr. Newman, to adjourn until 8 p.m.

The Committee resumed at 8 p.m.

All members present.

Findings: Moved by Mr. Hanan, That the findings and recommendation in the draft report be deleted, and that the following be adopted in lieu thereof:—

" FINDINGS.

" 1. That the statements in the Board's resolutions that no political or other influence was at any time used to influence the Board in granting or refusing a loan are true.

" 2. That the members of the Board as a body of honourable men, holding positions of great responsibility and trust, were justified in asking for an inquiry into such grave reflections on their probity and administration which were involved in the statements, made in the House and in the public Press of the Dominion, that money was lent for the purpose of influencing the general election of 1911. The inquiry has completely exonerated the Board from having been subject to or moved by political influence in the discharge of its duties.

" 3. That no discrimination on political grounds has been made in the granting or refusing of a loan to a local body in any electoral district.

4. That no losses have been sustained through want of security under the State-guaranteed Advances Act. Losses amounting to £23,000 were incurred due—

" (a.) To the Board's difficulty in finding immediate investments for the funds at credit of the Loans to Local Authorities Account; and

" (b.) To the remission of 10s. per cent. allowed to the Department being insufficient to cover expenses and loss of interest whilst the moneys remained uninvested. This fact was pointed out by Sir Joseph Ward in his Financial Statement of 1910, page 667, *Hansard*, Volume 149.

5. The losses referred to in clause 4 are a mere trifle compared to those made under the old loans-to-local-bodies system, abolished 1910, under which the State made losses of capital to over £2,300,000.

" 6. That the commitments made for payments of instalments extending over a period of years were in accordance with the regulations issued by the Crown Law Officer under the provisions of the Act. The Crown Law Officer having now advised that such grants were illegal, the Act should be altered to permit of these instalments advances being made as in the past, inasmuch as it is a great convenience to local bodies to obtain advances by instalments instead of in one sum, as in many cases the works must be spread over a long period, and the instalment system enables a coherent, instead of a spasmodic, system of public works being planned and carried into effect.

" 7. That the Post Office promised in June last to lend to the Government £1,500,000. Had it fulfilled that promise there would have been more than sufficient to meet all engagements.

" 8. The Committee have found that the only transaction that might be construed into an attempt to exercise political influence was that in which a telegram was sent by Sir John Findlay at the request of a deputation inquiring as to the delay in the granting of a loan, and asking for an advance of £10,000. This, however, on examination of the evidence and records does not bear out that construction, because—

" (a.) The loan of the Remuera Road Board was provisionally approved by the Board early in May, 1911. Sir John Findlay was then out of New Zealand.

" (b.) The telegram was not communicated to the Board.

" (c.) It was the result of a complaint made by a deputation to him alleging delay in paying over money which the local body believed was due to it.