

REPORTS.

I HAVE been directed to report that at a meeting of the Public Accounts Committee the Right Hon. Sir Joseph Ward, on being asked by the Chairman to answer a question, used the words "that it was a downright piece of impertinence." On being asked to withdraw the words Sir Joseph Ward refused to do so, and the words were ordered to be taken down, and to be reported to the House.

21st October, 1912.

J. B. HINE, Chairman.

I have been directed to report that the Public Accounts Committee has reconsidered the report presented on the 21st instant referred back to it, and has directed me to further report that the Right Hon. Sir J. G. Ward again refused to withdraw the words "that it was a downright piece of impertinence."

22nd October, 1912.

J. B. HINE, Chairman.

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 between £22,000 and £23,000, 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.

(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.	Unexhausted Loan Authorities.
£163,643.	£778,000.

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

Credits at Bank, &c.	Debits.	Debits exceeding Credits.	Unexhausted Loan Authorities.
£27,550.	£30,000.	£2,450.	£825,000.

FINDING.

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.

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.

6th November, 1912,

J. B. HINE, Chairman.