

688. There would be a large net saving as a result of this recommendation.

689. Next on the list of separate institutions comes the Queen Mary Hospital at Hannier. This is a neurological hospital. It is the only institution of its kind in the Dominion, and we do not suggest that it should be handed over to Hospital Board control. Incidentally, it is required for the treatment of discharged soldiers suffering from war disabilities, and, apart from the special nature of the institution, it serves a useful national purpose on this account. The net cost of the institution for 1930-31, after charging interest and depreciation, amounted to £16,313. **Better results could be achieved by charging to patients the full cost of treatment received and the institution should become more nearly self-supporting in the future.** The cost per occupied bed is high as also is the individual average day's stay of patients, but probably this is accounted for partly by the specialist nature of the institution. Our suggestion that the fees charged to patients should cover the cost of the treatment can be understood when it is stated that the maintenance cost per occupied bed for the year ended 31st March, 1931, was £260, whereas the fees receivable per occupied bed amounted to only £217.

690. Next comes King George V Hospital at Rotorua. This is a general hospital, which caters largely for the needs of Rotorua and the surrounding district, and **we see no reason why this institution should not be handed over to Hospital Board control.** Some economy has already been effected by the closing of the orthopaedic section of the Hospital. However, it is difficult to understand why the net cost of the Hospital should continue to be met wholly by the State, as it is largely of local benefit and serving a local purpose. **We therefore consider that local residents should bear a fair share of the burden, and recommend the handing-over of the institution to Hospital Board control.** The net cost of the institution, together with the isolation hospital and the cottage hospital, at Rotorua was £18,029 in 1930-31. It is recognized that in this case also the saving to vote Department of Health will be offset by increased subsidies to Hospital Boards.

691. The remaining institutions are the sanatoria at Otaki and Pukeora. **In the South Island the sanatoria are successfully administered by Hospital Boards, and there does not appear to be any reason why the principle should not be followed with the institutions at Otaki and Pukeora.** It is of interest to note that the cost per occupied bed in tuberculosis institutions under the control of Hospital Boards averages £137.3 per annum, while in the institutions under the control of the Health Department the cost per occupied bed is: Pukeora, £208.5; and Otaki, £153.

692. The excess of expenditure over income after charging interest on capital, depreciation, &c., for 1930-31 was as follows: Pukeora, £8,562; Otaki, £2,721.

693. It is reasonable that a portion of the cost of the maintenance of these institutions should devolve upon local rates. We suggest that arrangements be made for some of the adjacent Boards to combine in the management of these two sanatoria, and this object would thus be achieved. The saving in vote Department of Health would also be offset by increased subsidies to Hospital Boards.

#### GENERAL.

694. The economies recommended herein should be regarded as a minimum rather than as a maximum to be aimed at.

695. It is impossible to estimate accurately the total savings recommended herein, but they should amount to from £60,000 to £80,000.

#### VOTE—DEFENCE DEPARTMENT.

696. We submit hereunder a statement in connection with the expenditure from vote—Defence from 1913-14 up to the present time:—

Year.	Appropriations.	Amount expended, Net.	Year.	Appropriations.	Amount expended, Net.
	£	£		£	£
1913-14 ..	513,747	448,570	1923-24 ..	376,354	348,632
1914-15 ..	512,328	499,137	1924-25 ..	420,172	370,906
1915-16 ..	492,843	432,228	1925-26 ..	455,368	459,293
1916-17 ..	495,640	438,656	1926-27 ..	500,865	493,274
1917-18 ..	521,141	428,112	1927-28 ..	472,385	481,759
1918-19 ..	501,697	416,427	1928-29 ..	464,191	464,595
1919-20 ..	528,725	502,465	1929-30 ..	491,667	454,828
1920-21 ..	639,253	531,042	1930-31 ..	275,000	277,799
1921-22 ..	418,784	415,450	1931-32 ..	215,000	200,000
1922-23 ..	328,630	285,113			(approx.).

697. It will be seen from the foregoing that very considerable economies have been effected in the expenditure on these services as a result of the policy recently adopted by the Government. We feel that the Defence authorities should be encouraged to reproduce last year's programme, and cannot recommend any major economies that would detrimentally affect the efficiency of the present scheme.