

1934-35.

NEW ZEALAND.

PROPOSED SPECIAL LEGISLATION ARISING OUT OF REPORTS ON INVESTMENT EXECUTIVE TRUST OF NEW ZEALAND, LIMITED, AND ALLIED COMPANIES.

STATEMENT BY THE MINISTER OF FINANCE (RIGHT HON. J. G. COATES).

Laid on the Table of the House of Representatives by Leave.

MY attention has been called to a cablegram appearing in the *Dominion* of the 22nd March, 1935, stating that the Premier of New South Wales announced in the Legislative Assembly his intention to introduce legislation affecting certain companies whose activities were recently investigated by a Royal Commission in Sydney. The cable message also attributes to the New South Wales Premier the statement that the New Zealand Government would act in concert with his Government.

It is perhaps desirable in the public interest and in the interests of debenture-holders that I should now make a statement.

PREVIOUS LEGISLATION.

I may be permitted firstly to point out what has been done so far. The New Zealand Parliament, acting on an interim report by the Company Promotion Commissioners decided that a case for inquiry into the McArthur group of trust companies was made out and it passed special legislation providing that a full investigation should be made by four prominent and independent public accountants who were to report to the Supreme Court and to the Attorney-General. These reports have now been made and are in the hands of the Attorney-General. The New South Wales Government, also acting on the interim report of our Company Promotion Commissioners, decided that there was a case for inquiry, and it appointed a Royal Commission of inquiry to sit in Sydney. A Judge of the Supreme Court of New South Wales was appointed sole Commissioner, and sat from the 9th August, 1934, to the end of October, 1934. This Commission sat in public, examined all available books and documents, and took evidence on oath. Mr. McArthur and other directors and officers of these companies appeared before this Commission, were represented and assisted by eminent counsel engaged by them, gave evidence, and were cross-examined. In addition, Mr. McArthur was permitted to read and hand in a long written statement containing his version of the transactions that were being inquired into. The Government of New South Wales has officially forwarded to the Government of New Zealand printed copies of all the evidence taken in Sydney, including Mr. McArthur's written statement, and of the interim and final reports of the Royal Commission. In the meantime both Governments have protected the assets of all companies by placing them in the hands of receivers.