

Coal-mines Acquisition

During the last two years approval has been given to the purchase of at least thirteen mining undertakings. Some of these required relatively small payments, but two very large transactions were involved. These were the acquisition of the undertakings of the Westport Coal Co., Ltd., for which the purchase-price was £900,000, and the Taupiri Coal Mines, Ltd., for £823,000. These figures were arrived at by negotiation with the respective companies and after investigation and report by Treasury and the Mines Department.

The terms of each of these two transactions involved the purchase of the shares of the company either by cash payment or by the issue of Government stock.

Under the Westport Coal Company Act, 1948, the assets and liabilities of the company were vested in the Crown on 1st October, 1948, and receipts from the depots from that date have been paid to Public Account. The balance-sheet of the company as at 30th September, 1948, has been audited by a firm of public accountants, and the incorporation of the assets and liabilities in the State Coal-mines Accounts for 1948-49 is being verified by the Audit Office.

The Taupiri purchase is a more recent one, and it will be some time yet before a similar inclusion can be made. In the meantime the company is still carrying on as such, although the shares are owned by the Government, which is responsible for the management of the business.

Rehabilitation Loans Contributions

Sections 32 and 33 of the State Advances Corporation Act, 1934-35, require all mortgagors who receive loans from the Corporation to make a contribution equal to 2 per cent. of the loans to a General Reserve Fund to be established and maintained by the Corporation. In connection with rehabilitation loans to ex-servicemen the 2 per cent. contribution (exceeding £800,000 in total at 31st March, 1949) has been made from the War Expenses Account. The majority of these loans exceeded two-thirds of the value of the security, and the Government guaranteed the Corporation against loss in respect of them. The authority for the guarantee appears to be section 24 (3) of the Act already mentioned, but in terms of this section it can be only in respect of loss attributable to lending in excess of the two-thirds security.

When a claim was submitted as coming under the guarantee the Audit Office noted that the full loss was included in one case and it pointed out that reimbursement of losses which fell within the ordinary lending limit was not contemplated under section 24 (3), and that, if gross losses on rehabilitation loans were to be made good from the Public Account, it was not reasonable to pay the 2-per-cent. contribution also, as that was specially applicable to make them good. The Corporation thereupon agreed to prefer no claims within the two-thirds limit.

Aircraft Purchase

During 1947-48 an amount of £150,000 was paid from vote, "Air" to the United Kingdom Air Ministry for aircraft, and a sum of £510,000 was transferred to Deposits Account to meet the cost remaining due in respect of aircraft, spares, and freight. The account was cleared during the year by several payments to the Ministry and a further amount of £19,767 for the same service was paid from the vote.