aid of revenue, and remaining outstanding at the close of the year, as also of the £400,000 of deficiency bills issued to facilitate remittances, which I consider a contingent though remote liability.

The Colonial Treasurer (Major Atkinson), after procuring His Excellency's assent to a dissolution, obtained temporary supplies, and in order to provide for them secured also authority to issue extra deficiency bills to the amount of £300,000 to represent, first, the deficiency of the past year, amounting to £150,000; second, £50,000 additional to the £400,000 of bills already authorized for the current wants within each year; and, thirdly, £100,000 in aid of the Public Works Fund. These aids the Treasurer stated would carry him on to the 1st September, and he was about accurate in saying so—but after him the deluge.

Taking the date of my accession to office as the first of this month, the immediate financial prospects were as I am about to describe. It must be understood that the statement is not a book-keeping one, obtained from a balance of the accounts, but merely an estimate of the cash requirements for the month. That estimate showed that, taking into consideration the probable incomings of the month, and the liabilities which it was known would have to be satisfied, the Consolidated Fund would be a few thousands short, notwithstanding that all the deficiency bills authorized by law were issued and disposed of. There is a further amount not estimated which has come in for payment. But about this I shall say nothing at present. As regards the Public Works Fund, the estimate showed that at least £100,000 would have to be borrowed in some shape to the end of September, and that the like process would have to be gone through for meeting liabilities until the third million loan was negotiated next year.

LOAN CONVERSION LAST YEAR.

The loan conversions of last year, as described by Major Atkinson, consisted of £3,558,300 5-30 debentures, and £1,832,000 short-dated debentures. But the transactions consequent on these conversions are still not completed. A considerable quantity of the converted short-dated debentures remains to be sold, whilst only a portion of the 5-30 issue has come in. Notice has, however, been given to pay off so much of the balance as carries 5 per cent. interest in January next. On the whole, the annual savings on the conversions of last year nominally amount to about £30,000, and some £6,000 more will be gained by the conversion of the balance of the 5 per cent. 5-30's. Another effect of the conversion has been the postponement of the payment of a sum of about £50,000 for interest, from a date within the present financial year to next year.

It is much to be regretted that the conversion was commenced with the 5-30's, instead of with the consolidated loan of 1867–1870, which carries with it an accumulating drawing or sinking fund. The 5-30's could have been paid off at par at any time on six months' notice. This is really now what it has been found necessary to do with the principal part of the 5·30's bearing 5 per cent. interest. Only half a million of them were brought in; the bulk of the 5-30's which came in bore 4½ per cent. interest. They amounted to £3,053,000. The profit on them was comparatively trifling after payment of expenses and premium. But they stand in the way of further operations, because of the large mass of inscribed stock that represents them on the market. They ought to have been about the last, instead of the first, securities operated on. The operation in connection with the short-dated debentures was more in the nature of a sale than a conversion. They had never been placed on the English market, and the real object was to dispose of the bulk of them. The difference in the rate of interest between a floating and a funded debt can hardly be all called profit. That is why I used the word "nominally" shortly since.

THE FLOATING DEBT.

Before proceeding further to describe the present position and future plans, I think it will be as well, whilst the subject is in the memory of honourable members, to deal with the question of the deficiency bills. They amount, as the Committee are aware, to £150,000 for last year's deficiency, £450,000 for current purposes on