

SESS. II.—1884.
NEW ZEALAND.

FINANCIAL STATEMENT

(In Committee of Supply, Tuesday, 16th September, 1884.)

BY THE COLONIAL TREASURER, THE HONOURABLE SIR J. VOGEL.

MR. HAMLIN,—

The usual yearly Financial Statement may be somewhat curtailed in its length and deprived of its dry details, because of my predecessor having already related a history of the year ending the 31st March last and its results. I will briefly epitomize the position he described. The year 1883–84 was commenced with a surplus of £35,549, and it ended with a deficiency of £152,112. This result was represented in the Treasury at the end of March as follows:—There were outstanding deficiency bills still current, amounting to £398,000. To meet them there was cash £203,447, and imprest advances to officers of the Government, £42,441. Taking the last as cash, it will be seen that the deficiency stood at the amount stated.

The revenue and expenditure of the Land Fund, which, though kept in a separate account, form part of the Consolidated Fund, show that during the past year the payments exceeded the receipts by £6,117. The balance of £86,564, with which the year began, and which was chargeable with a sum of £75,203, transferable in respect of the transactions of the year 1882–83 to the Main Roads Account in the Public Works Fund, under “The Roads and Bridges Construction Act, 1882,” thus became £80,447 at the close of the year, without the repayment to the Main Roads Fund having been made. The £75,203 due on the transactions of 1882–83, therefore, still remains unpaid to the Main Road Account.

On the 31st March, 1883, there was in the Public Works Account (I quote my predecessor for the remainder of the sentence) “an unexpended balance of £877,912, but of this £202,484 was advances in the hands of officers; and, as honourable members who follow the public accounts know, advances outstanding, although included in the balance in hand, are not usually available for expenditure.” The balance included the whole proceeds of the second million of the Three-Million Loan, and also the proceeds of that odd little Colonial Inscribed Loan of £250,000 which was taken up by the Post Office.

The public debt of the colony on the 31st March, 1884, after deducting the sinking funds accrued, amounted to £29,574,902; the annual charge in respect of which (including the contributions to the sinking funds) amounts to £1,578,799. This debt was exclusive of the deficiency bills, amounting to £398,000, issued in

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 $4\frac{1}{2}$ 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

the year's Consolidated Fund Account, and £100,000 for Public Works Account. There are, besides, the £400,000 contingent liability bills. My friends, I dare say, will think that I am rather good-natured, not to say stupid, to trouble myself with working out my predecessor's difficulties. "Fund," they will say, "by adding to the permanent debt, so much of this floating debt as will leave you without any anxiety for the future, and start on a fresh career of manufacturing a new floating debt." I shall not do anything of the kind. I am profoundly impressed with the conviction that it is intricate entanglement, rather than real difficulty, with which New Zealand has to contend. I believe her finances can be put in order, and that we may count from year to year on such an improvement in revenue, that so much of the present floating debt as does not come within the category of mere aid within the year, can be discharged within a reasonable period. The £450,000 I shall consider as strictly aid within the year, and I shall ask the House to increase the amount by another £50,000. My predecessor stated his opinion that the £400,000 was not sufficient, and actual experience has shown that the additional £50,000, for which he obtained authority, is still not enough; for, as I have told the Committee, there is beyond all the deficiency bills a deficiency of a few thousands in the estimate of the present month. I shall ask, then, for authority to add £50,000 to the £450,000, strictly for the purpose of anticipating revenue within the year. The £150,000 for last year's deficiency I shall pay off within the next two years or so. The £100,000 for public works can either be allowed to lapse, or continue to be used as a means of adjusting public works revenue within the year. As to the contingent £400,000 I do not like the arrangement, and shall hope to be able to do away with it shortly. Thus, I am not intending to propose that most unpopular of all financial operations, the converting floating into permanent debt.

THE ESTIMATES.

I have had to take the Estimates very much as I found them. The honourable member for Egmont, in his last Financial Statement, led the Committee to believe that he proposed to effect great savings in the Civil Service votes, and also that he intended to amend the service by classification and promotion. He did not particularize his proposed reforms, and he thought it undesirable to leave a record of them behind him. The type even of the Bill said to have been prepared, was broken up. As to promotion by the classification system, irrespective of merit, I am not an advocate of it. It reduces officers to a dead level, and leaves little incentive to individual exertion. I have been told that in an adjacent colony, at one time under the influence of this system, it was found necessary to have an army of supernumeraries outside the Civil Service regulations, in order to carry on the business efficiently.

I will proceed to state the principal alterations we propose in the Estimates. One is a reduction of the Armed Constabulary expenditure at the rate of £20,000 a year; but it can only come into force for the last quarter. We propose, on the other hand, to add 5s. to the capitation allowance of Volunteers; this will be for the last six months of the year at the rate of 10s. yearly, at which we propose it shall continue. We shall also ask authority for appointing a Commanding Officer of Volunteers, and we shall place a sum on the Estimates to defray the expenses of members attending the annual competitions of those singularly meritorious and valuable bodies the Volunteer Fire Brigades. These three items will appear on the Supplementary Estimates. As regards the Department of Education, we think the time has come when the large annual increase of scholars renders it unnecessary to allow the extra capitation fee of 5s. a head outside of the provision made in the Act. This reduction we propose shall commence with the last quarter in the year, so that it will only amount to 1s. 3d. a head. We shall ask the House to except from it the schools in the Westland Provincial District, the funds of which are somewhat contracted. There has been no time to minutely analyze the receipts and expenditure of the Railway Department. We are of opinion that closer and more intimate business inspection will materially aid the economy and efficiency of the management of railways. We design no reflection on the present Manager. I know of many systems of railways, not so large as that of New

Zealand, where it would be thought absurd to leave to one man the virtually irresponsible control, no matter what his experience, and though he was receiving five times the salary of the present Manager. However good a manager may be, he derives immense strength from being able to refer difficult points to the calm consideration and judgment of a Board of able business-like men. The expense of such aid is nothing when you have to do with an undertaking returning over a million a year of revenue, and absorbing over half a million of expenditure. At the same time the session has been so much wasted, and so much remains to be done, that it is possible we may not press our proposals for Local Boards this year.

I hope to effect a saving of expenditure and to make beneficial reforms in connection with the present system of audit and of keeping accounts. Virtually, at present, three sets of books of the accounts of the colony are kept by three independent departments. Each department, besides the Treasury and the Audit Departments, keeps severally its sets of books. They are not precisely the same books, but they are of an allied character, and they are kept by separate staffs. I am disposed to effect an entire change, by which the Audit Department and the accounting portion of the Treasury would be abolished, and to substitute an Accountant-General's Department. The Accountant-General would, like the Auditor-General, be a Parliamentary officer, and have all the powers of controlling expenditure and receipts, and reporting to Parliament, that the present Auditor possesses. But he would also keep the books of the colony, and his officers would keep the books of departments, or regulate the way in which they are kept. The alteration would, I believe, lead to considerable saving, but that would be its least merit. Its great advantage would be that it would assist in connecting the departments, and in reducing their separate action in the way of contracting liabilities. It would also lead to a much-needed reform in facilitating the discharge of accounts. I referred on a previous occasion to the serious complaints made as to the difficulty of obtaining payment of moneys due by the Government. It would lead also, I think, to making it cheaper to obtain the returns which are required for so many purposes. But all these are opinions founded on theory, and before I can give effect to them I must narrowly investigate their probable practical operation. I am having inquiries now made on the subject. At any rate, there seems little doubt that as between the Audit and Treasury the books may be kept with more economy.

I have, I think, been able to effect some improvement in the Telegraph service, though without the expenditure of money. The use of stamps for payment of telegrams will greatly facilitate keeping the accounts of the department. The abolition of receipts for telegrams will save the receivers of these documents and the department a wholly unnecessary trouble. Another change has not as yet been made public. I have been much impressed by the inconvenience occasioned by closing a large number of offices at the early hour of five o'clock. I have arranged that these offices shall be opened between seven and eight, and closed for half an hour in the middle of the day, between half-past one and two o'clock. These changes will take place on the 1st October.

I should also call the attention of the Committee to the serious loss the colony has suffered, and is suffering, through the diversion of a large part of its English correspondence to the Brindisi route. The English postal authorities have, to my mind, behaved most unwarrantably in the matter.

LAND REVENUE AND EXPENDITURE.

The statement of the receipts and expenditure on account of the Land Fund, other than the revenue from leases, cannot be pronounced satisfactory. It must be remembered the year is a great part gone, and I am giving the results and anticipations as we found them. My colleague, the Minister for Lands, will probably make an exposition of his views on the subject later in the session. It will be observed from the statement that the £75,203 due to the Main Roads Account, under the Roads and Bridges Construction Act, is yet unpaid. It was due at the end of 1882-83, and, as my predecessor left it so long unpaid, I do not see that it is of pressing importance for me to discharge it. In fact, other provision will have to be made for the purposes of the Roads and

Bridges Construction Act, if it is to remain on the Statute-book. It will absorb the whole of that Colonial Inscribed Stock Loan, which was authorized for the purpose of being taken up from time to time as people required it, but which was absorbed in bulk by the Post Office.

RECEIPTS AND EXPENDITURE OF THE YEAR.

I proceed with the statement of the estimated expenditure of the year, with such few alterations as I have described; and also I give a statement of the expected revenue, supposing the revenue is raised on precisely the same terms as last year, including a three-farthing property-tax. The estimate of revenue is moderately stated, and I believe honourable members may count on the amounts set down being verified.

ESTIMATED RECEIPTS and EXPENDITURE of the CONSOLIDATED FUND for the Financial Year ending 31st March, 1885.

Ordinary Revenue Account.

RECEIPTS.	£	£	EXPENDITURE.	£	£
ORDINARY REVENUE:—			PERMANENT APPROPRIATIONS:—		
Customs	1,375,000		Civil List	29,750	
Stamps	527,500		Interest and Sinking Fund ..	1,559,115	
Property-tax	275,000		Under Special Acts of the		
Beer Duty	55,000		Legislature	53,724	
Railways	1,120,000				1,642,589
Telegraphic	94,000		ANNUAL APPROPRIATIONS:—		
Registration and other Fees	37,000		Legislative	67,518	
Marine	16,000		Colonial Secretary	238,435	
Miscellaneous	35,000		Colonial Treasurer	51,643	
		3,534,500	Minister of Justice	117,265	
TERRITORIAL REVENUE:—			Post Office and Telegraph ..	259,322	
Depasturing Licenses, Rents,			Customs	79,081	
&c.		188,000	Stamps	27,491	
			Education	328,102	
			Native	18,311	
			Mines	21,308	
			Public Works	740,660	
			Defence	183,427	
					2,192,563
		£3,722,500			£3,775,152

The Committee will observe that this shows a deficiency of £52,652. Let us now see what we may do in the way of converting the deficiency into a surplus.

OUR LOANS AND SINKING FUNDS.

I have described to the Committee the results of the present year, supposing we left it to run its course without altering the expenditure beyond what I have already stated is proposed. But I have to call the attention of the Committee to a large item of expenditure which should, in our opinion, be relieved, and, through the instrumentality of such relief, the country be saved a considerable portion of its heavy taxation. I have freely stated that this was feasible, and have been met with incredulous smiles. The time has come for me to fully explain my meaning. If honourable members have before them the table relating to the public debt of the colony, which I have caused to be reprinted from the last Financial Statement, together with a separate table, which I have had prepared, showing the per centage of the yearly charges on the nett indebtedness, they will better be able to follow my meaning. They will find that on a total nett indebtedness of £29,574,902, we are paying annual charges for interest and sinking fund to the amount of £1,578,799, or, in other words, 5·33 per cent. although our 4 per cent. inscribed stock is quoted in London at 103 $\frac{3}{4}$. If we bring our loans down, as we may well do, to a basis of little over 4 per cent. we may have an annual saving of over £300,000. Before I discuss how this is to be done, I will invite your attention to the extraordinary condition of some of the loans—those to which sinking funds are attached. On the 1856 loan, there is a nett balance of only £23,007, yet on this we are paying

£20,000 per annum interest. We were paying an additional £10,000 for sinking fund; but the Lords of the Treasury, who control the matter, as the loan is guaranteed by the Imperial Government, have released us from continuing to pay the sinking fund. The fact, however, remains, that we are paying interest at the rate of 86·9 per cent. on the nett indebtedness; and next year there will be no indebtedness, but we shall be continuing to pay interest on the outstanding amounts until the several instalments are paid off in 1888, 1889, and 1894. There will then, it is true, be a large balance due to us from an excess of the sinking fund. But surely we ought not to burden the people unnecessarily in the present, to lay up excesses in the future. The mistaken policy of such a course is apparent. The heavier the burdens the less the productive power of the community. An unnecessary tax, therefore, carries with it a loss beyond its own measure. To put it in a simple form, and one which I entreat honourable members to keep before their minds, supposing we are paying £10,000 out of taxation this year unnecessarily, but will recover it back in five years with compound interest at English rates, will the colonists lose anything by the operation? Most certainly they will. They will lose whatever may be the amount of the contraction of their productive capabilities.

To resume. The next loan I come to is that of 1860. In this case, there remains a nett indebtedness of £14,094, with an annual charge of £7,448, equal to 52·8 per cent. I now come to a large loan, that of 1863. There remains in this case a nett indebtedness of £938,949, with an annual charge of £96,792, equal to 10·3 per cent. The New Zealand Consolidated Loan is yet larger. On a nett indebtedness of £5,807,607 there is an annual charge of £436,986, equal to 7·52 per cent. I need not describe other loans of smaller amounts; honourable members will find them in the table which will be laid before them. Suffice it that an aggregate yearly payment of £19,859 on five loans represents respectively per centages per annum of 13·7, 27·4, 17·8, 8·2, and 10·9. Obviously these cases call for treatment, and there are others also demanding attention, with the view of very considerably reducing our yearly charges.

The chief disorganizing factor, however, is the sinking fund. It is over seventeen years since I asked of the then Treasurer, Sir William Fitzherbert, to dispense with sinking funds on our loans. Sir William Fitzherbert was far too acute a financier not to recognize their evil; but he had to yield to circumstances with the 1867 loan, as I had afterwards to a smaller extent with the 1870 loan. We both recognized the misfortune, but were unable to get out of the deep groove into which New Zealand finance had fallen. There are members in this House who are equally aware of the objection to sinking funds, notably the member for Auckland West, Mr. Dargaville, and the member for Gladstone, Mr. Sutter, who recently addressed me a letter, in which he said very truly that sinking funds were condemned on every side as exploded fallacies. The member for Auckland East, Sir George Grey, I am told, during the time he was Colonial Treasurer, directed his attention to the same subject, and indeed had a Bill prepared, the nature of which I cannot describe, as I have not seen it. Again, last week the honourable member for Te Aro asked some questions, the inference from which was that he realized the relief which was to be obtained both from the accruing and accrued sinking fund. The honourable member for Waitemata, by similar questions, evidenced the same acuteness. Lastly, the honourable member for Egmont, during the three or four days he was recently in office, seemed inclined to follow in a somewhat similar direction, judging by the telegram he sent to the Agent-General, which I read to the House on Friday, on which day I saw it for the first time. It is not, however, unfair to suppose that in one shape or another he obtained an inkling of my views.

I have not talked over this subject for many years with Sir William Fitzherbert, but I am quite certain he will bear me out in saying that, even when we were forced to adopt a sinking fund we well knew that the time would come when it would be so oppressive that relief in some shape would have to be sought from it. During the present century, I do not think there have been many, if any, able financiers who have refused to recognize the great dictum of Professor Hamilton, that the only true sinking fund of a country's national debt is the excess of revenue over expenditure.

Every other sinking fund is a delusion and a snare. The time has come—I think it came some years since, when the increase of taxation was in consideration—when the intolerable burden of the sinking funds must be recognized. There is no reason whatever why the colonists, who are exerting themselves to lay broad and deep the foundations of great public works, which will be a splendid and magnificent heritage to those who come after them, should attempt to pay off piecemeal portions of the public debt whilst they are borrowing more, and whilst they are bearing the heavy burden of paying interest during the construction of the works. I speak advisedly of this splendid heritage. New Zealand is acquiring a monopoly of railways at a total cost less than in many old countries has to be paid for merely buying the land on which to construct them. Twenty-five years hence, compared with the value of these works, the public debt will be a bagatelle—that is, if the colony does not doze during the twenty-five years as it has during the last five years.

But, even though it was dozing, the railways did good work. What more logical evidence of their value is required than that supplied by the Railway Department, in its last annual report, with regard to the progressive increase of traffic. The following is a statement of the principal traffic in local products for the past five years :—

	Wool.	Timber.	Grain.	Minerals.	Horses and Cattle.	Sheep and Pigs.
	Tons.	Tons.	Tons.	Tons.	No.	No.
1879-80 ...	41,895	149,428	240,144	321,060	30,393	260,816
1880-81 ...	42,387	169,695	421,142	406,266	27,230	280,683
1881-82 ...	44,681	192,905	375,725	433,659	22,511	319,837
1882-83 ...	51,703	197,231	367,428	510,088	37,455	449,470
1883-84 ...	62,066	183,449	432,223	574,312	35,948	656,612

THE SINKING FUND.

The sinking fund during the present year is estimated to amount to £244,000; that is, during the present year we shall reduce our debt by that amount. It increases progressively. I have had a calculation made which shows that during the ten years next ensuing, the present sinking fund will be increased by £3,022,800. In other words, during ten years the people of the colony will be paying off three millions out of the taxation. I contend they cannot afford to do this; that it is placing on the colony a fearful incubus. The million paid off during the last five years has told severely on the colonists. If it had been saved to them, New Zealand would be in a different position this day.

The sinking fund accrues in different shapes. There is, first, a direct contribution; secondly, the interest and compound interest on accumulations of some sinking funds; and, thirdly, the progressive increase of annual drawings under other sinking funds. I will not now discuss the mode by which it is best to save to the colony the annual payment. I shall bring down a measure to deal with the subject. I am quite aware that our obligations, as they exist, must be fulfilled. Nevertheless, any time during the last five years the Government, by an Order in Council, with perfect regularity, and in a manner no human being could take exception to, might, under existing statute law, have saved the colony a great part of this heavy burden. My proposals are to virtually relieve the permanent charges this year to the extent of the sinking fund, say £244,000. I propose we should not be idiotic (I use a strong phrase) enough to tax the people to pay off a little fragment of our debt; no other colony does it. Recently in Victoria the first railway loan, amounting to some millions, fell in for payment. No one conceived the idea of taxing the people to pay it off; every penny was renewed, as a matter of course.

Without going into particulars, I may state that, of course, the process under which the sinking fund will be relieved, and relief also given to the anomalous condition of loans nearly run out, on which the yearly charges are so heavy, is through the process of conversion in one shape or another. And here I must say a few words, at the risk of rendering myself amenable to the charge of egotism, concerning the means whereby the process of conversion has become so profitable. In 1875, I was in England on an

official mission. Two eminent physicians, whom I consulted, forbade my venturing to return to the colony in my then state of health. I employed myself in endeavouring to give to colonial loans, through inscription at the Bank of England, the status and character of consols, or of the Metropolitan Board of Works stock. I first arranged an agreement with the Bank of England; and, touching that agreement, it is only requisite to remark that, through all the changes of all the years, it has not been found necessary to amend it. Though made only by letters between the Bank of England and myself, eminent counsel have pronounced that it requires no alteration. When the agreement was concluded, it was however discovered that an Imperial Act was necessary, not to validate it, but to enable certain of its provisions to be carried out. For over two years, I worked unceasingly to procure that Act, and at last my efforts were crowned with success. No financial measure that I know of has met with such support. The Stock Exchange share list shows that already over fifty millions of loans of various colonies have been brought under its provisions. Every Constitutional Colony has, I believe, used it.

By the aid of this Act it is that I propose to save the colony some £300,000 a year. It cannot all be done at once, but effected it will be, as the market will allow of its being done; and my proposal is to accept the debt as it at present stands—not vainly to tax the colonists to pay it off, but, by conversion, to approach to the result of saving £300,000 a year. This means that, without further annual charges than at present, you may borrow seven and a half additional millions. The late Government did something in the direction of conversion under the Inscribed Stock Act, as I have already related. The principle on which the great profit is to be made, apart from saving the colony the burden of the sinking fund, is the higher market value of the inscribed stock. Whilst it rules now at about $3\frac{1}{4}$ over par, bearing only 4 per cent. interest, $4\frac{1}{2}$ and 5 per cent. debentures rule at not much over the same market price. It is probable also that large masses of accrued sinking fund will be set free during the process of conversion, and, subject to the control of the House, will become available for public works in lieu of fresh borrowing.

The honourable member for Egmont has again and again claimed for his Government the credit of raising the value of New Zealand inscribed stock from 80 to 100. This is a very disingenuous claim. The facts are simply these. In 1879, the Government found that they had brought the colony to a financial condition that made a loan of five millions imperative. Such an amount for a colonial loan was then unknown. The Agents, of whom I was one, were told price was not to bar the way. They found there was but one mode of doing it, and that was by the agency of the Inscribed Stock Act. We were able to effect the operation by giving the option to subscribers to exchange their scrip or debentures for inscribed stock at about 80, bearing 4 per cent. interest, equal to borrowing the money at 5 per cent. Even then we had to give an assurance that the colony would not borrow further for three years. That three years' interval, not the Government, was the secret of the rise, together with the fact that all colonial stocks rose as the probability of an early conversion of consols became apparent. Again, Sir, part of the rise was due to the popularity of the inscribed stock, as may be seen by its comparative value, to which I have already alluded. It may soothe the ruffled vanity of my honourable friend, if I add a few words. When I took office a few weeks since, a remarkable rise in New Zealand securities took place on the day the news reached London. My friends were good enough to ascribe that rise to me. It was merely a coincidence. I had nothing to do with the rise. It was due to Mr. Childers's operations for converting consols. All colonial securities rose. The Stock Exchange and the money market are, I believe, quite indifferent as to whom Parliament honours with the charge of its finances. They rely on the fittest being from time to time selected.

INTEREST ON RAILWAYS DURING CONSTRUCTION.

There is another relief which, if it were necessary, the colony would be fully entitled to take to ease itself of burdensome taxation. I allude to making the interest during the construction of railways part of the capital cost. Had I deemed

such relief necessary, I should not have hesitated to propose it. I know my not doing so will be a disappointment to my honourable friend the member for Egmont, who, from remarks he made at Hawera, had arrived at the conclusion that I meant to come down with such a proposal, and had fortified himself with a case against it. It would be a pity he should be left, like Don Quixote, to tilt at an imaginary foe, so I will enable him to use the fruits of his industry—his carefully-arrayed arguments. Nor will the discussion be wholly without meaning. For, though I do not intend to make proposals in the direction indicated, it must be a comforting thought to the people of the colony that, far from straining at all methods of relief from taxation, they have left one unused of which they would be fully entitled to take advantage. I contend that the real cost of a work is its cost during construction with interest. So it would stand in the books of a private individual; so it should stand in the books of the Government. The only argument of any force against it is, that it might be considered in London, where we borrow our money, an improper proceeding. But that idea is amply disposed of. A great effort was recently made at Home to alter the Standing Orders of Parliament relating to private Bills, to enable interest during construction to be added to capital cost. The effort was not successful because of Lord Redesdale's opposition—he being a time-honoured authority on private Bills. But numbers of men of high position and weight pronounced in favour of the change, and I am under the impression, though I do not say so positively, that the alteration was approved in the House of Commons. But the alteration was not really of much consequence, because the same result is commonly brought about by arranging with the contractors to pay to the shareholders interest during construction. Such a course does not prevent capital being subscribed. I can remember quite recently the case of an English railway in which the plan was adopted, and in which the capital was written for many times over. But the arguments in favour of a Government adopting the course with works which are a great heritage to posterity are ten times stronger. Our successors will think our doing otherwise quixotic. "Why," they will say, "did our predecessors unnecessarily contract their producing powers by uncalled-for taxation? The annual burden of adding the interest to the cost during construction would have been a mere trifle." Let me take a case. Let me suppose a railway constructed in three years at a cost of a million of money, bearing interest at 4 per cent. The average interest during construction would be on half the amount, and the total would equal for three years £60,000. This, added to the million when the work was completed, would give an annual charge of £42,400, instead of £40,000. What would such an addition matter? but the saving during construction of £20,000 a year would matter greatly to the taxpayers.

LOCAL INDUSTRIES.

I must ask the Committee to allow me to make a diversion to another subject—that of local industries. The honourable member for Hawke's Bay, Captain Russell, the other day made a happy remark, to the effect that this House should consider it possessed more the character of a Board of Works than of an Imperial Parliament. The efforts we make to promote the resources of the colony are likely to bear better fruit than those we devote to testing recondite social or political experiments. It is of paramount importance that full play should be given to the industries suited to the capacity of the colony. It is a mistake to suppose that the Customs are the only vehicle by which resources can be stimulated. We want to produce, not only for ourselves, but for export. When Canada, many years since, was cut out of the American markets by the fiscal policy of the United States, the Imperial Government placed one of Her Majesty's vessels at the command of Canadian delegates, that they might search for other markets in other countries. A few weeks since my old chief and friend, Sir William Fox, just as he was embarking from Queensland for England, wrote me, in that felicitous language which comes so naturally to his brilliant pen, that he was convinced that New Zealand should make a great effort to seek out markets for its produce in the islands of the South

Seas and in India. I believe with him that a great export trade is one of the objects we should keep in view. Let us see some of the obvious products we have to send away. The frozen-meat industry is in its very infancy, and, though now we only send it to England, do we not know that, to India and to the islands teeming with population in the Indian Ocean and Arafura Sea, New Zealand mutton would be an infinite luxury? But King Sheep does not stop at providing food. Since I have been in New Zealand I have been struck with the singular beauty of the woollen fabrics which are being made in the colony, and at prices which, I am assured, would enable those goods to be profitably exported. New Zealand should aspire to sending away wool in only its manufactured state, in the shape of fabrics. Do not tell me the price of labour forbids it. Would America be what it is if the high price of labour had not stimulated the intellect of the people to discover labour-saving machinery? I met an eminent engineer a short while back who told me he could do work cheaper on the Pacific Slope, with wages at 10s. a day, than in India, with wages at about the same price a month. Besides, the high price of labour brings to us the feasibility of one of the greatest elements of human progress—co-operation. Co-operative woollen factories open out a great prospect of enormous work here. The labourer who adds to comparatively small wages a share in the profits will give good service. There are other obvious industries that will come to the front: semi-tropical growths, such as fruit, silk, tobacco, and other allied products, must take firm and profitable root in this island. In the fisheries of the colony great wealth remains to be gathered. I do not refer to mineral resources, for these we propose to make the subject of the special attention of a Minister. But we also propose that other industries should receive the closest attention. A Government at little expense may do much in the way of lending a prestige to its country's products. To give us a knowledge of what producers and manufacturers can do, and the extent of the improvements they make, we propose that an Industrial Exhibition shall be held every one or two years, and that two gold medals, besides others of less value, shall be given to those who do most to develop the industries of the country by combining excellence with economy. We propose that the first Exhibition shall be held at Wellington next year, when Parliament is sitting, and that it shall be followed by exhibitions in other large centres, alternatively in each island.

But there is an industry from which I believe great results will spring, and that may be assisted indirectly by the Customs: I allude to sugar from beet and possibly from sorghum. The production of beet-sugar is now so perfected that it is made economically all over Europe, even without artificial restrictions. Civilization conquers in the end. The products of cultured labour will excel those of the savage and the slave. But this manufacture wants a stimulus, by assuring it some advantage in the shape of freedom from excise duties for a term of years. The assurance is not much to give. None of the colonies favours heavy excise duties; few have any at all worthy of mention. The wine in Victoria and New South Wales, and sugar in Queensland, are notable examples. Sugar has done as much for Queensland as its vast sheep and cattle lands. We propose to pass an Act declaring that sugar produced in the colony shall be exempt from excise duty for a term of years, and that the present import duty shall not be reduced. It may also be necessary to give a bonus for the first few hundred tons made in the colony.

PROPOSALS FOR THE YEAR.

Let me now gather up the thread of my remarks. We have seen that if we make no change, we have a deficiency of £52,652, but if we are content not to reduce our debt this year we may recover an expenditure of £244,000, leaving us a surplus of £191,348. But that there is an understanding not to press the question this session, I should recommend a rate (not a large one) to meet the cost of charitable relief and hospitals, together with a few additions to the stamp duties, and the total abolition of the property-tax, with its crushing effects upon the progress of the colony. As it is, we propose to reduce the property-tax by one-half, namely, to three-eighths of a penny. Eliminating the balances of last year, the reduction of one-half will amount to £131,000. When we deduct this

remission from the surplus of £191,348, which I have just stated, we shall have a surplus of £60,348 at the end of the financial year, which may be reduced by supplementary estimates.

PUBLIC WORKS.

I now come to the question of public works funds. I shall attempt to deal with it without forestalling my colleague, the Minister for Public Works. It is my task to find the money, his to spend it. I have already stated that we shall want £100,000 additional aid this month, and additional aid each succeeding month until the third million of the 1882 loan is raised. My predecessor had made arrangements for the disposal of another £100,000 of deficiency bills, for authority to issue which he proposed to ask the House. I am happy to say I shall not require to trouble the House to give this additional authority. I have made arrangements to obtain half a million in anticipation of the million loan next year, to be supplied to us as we want it. What possible good can there be in coming to the House for dribblets of £100,000 when we know the existing liabilities require five times as much for their satisfaction; besides, legislation is unnecessary. About £600,000 of the Three-Million Loan will have been spent on open railways; about £50,000 will have been consumed on the charges of raising the loan. In short, there will be little, if any, of the third million left when it is raised. I will refrain from exciting the susceptibilities of my honourable friend opposite by commenting on the deplorable manner in which his Three-Million Loan scheme has broken down.

We cannot afford to leave the roads unmade, the Native land purchases uncompleted, the gold fields neglected, the fragments of railways scattered over the country to rot away. We must borrow more, and the question is, what shall be the amount? The gentlemen who have done me the honour to think—or rather, I should say, to pretend to think—that my only policy is borrowing, have circulated reports that I intended to propose ten or fifteen millions—indeed, one gentleman went as high as twenty-five millions—but, then, he dwells in a lake and hilly district, where, amongst the wonders of nature, the imaginative faculty is said to be abnormally developed. This, Sir, is, I believe, the plank on which my honourable friends and well-wishers opposite propose to return to office. When they have heard what I have to state, I fear, like Edgar Poe's "Raven," they will be inclined to murmur, "Nevermore." We shall ask authority to raise an additional million and a half, out of which we shall replace the amount abstracted from the Three-Million Loan. Honourable members who have followed the remarks I have just made about the loan will see that the new loan is only partly for the current year. It is chiefly for expenditure after the end of the financial year; and if they wish to avoid future *fiascos* they must not spend one year and borrow the next, but borrow as the expenditure has to be met. But it is important, in view of the operations to which I have referred as now pending in the London market, and the further operations that will be necessary in the direction of conversion, that we should as much as possible limit our borrowing just now. We may, perhaps, as I have already said, liberate a large amount of sinking fund, which will be available for the votes of the House. It is not feasible, however, to fix a time for this result. Conversion will have to be effected to suit the market, and the time it will take cannot be accurately fixed. As regards further borrowing, we must in a great measure be guided by the increase in our power of meeting annual charges. Depend on it, we have the right to look each year for large natural increases in the revenue.

I present to the Committee an interesting table showing the revenue each third year over a period of twelve years. I do not pretend that it accurately presents the natural increase, because there have been changes in rates and modes of raising the revenue; but on the whole it gives a good idea that there is a great natural increase, and one on which reliance may be placed, if efforts are not made to dwarf the material progress of the colony. Without unduly forestalling the communications my colleague will make in his Public Works Statement, I must call the attention of honourable members to some points which have acquired peculiar interest on account of the reference made to them in the Speech from

the Throne. It is absolutely necessary that members should be reasonable in their demands for the prosecution of railways. In the interests—I will not say of economy only, but of prudence and common-sense—railway works must be carried on with some regard to obtaining early returns as the work progresses.

I will now say a few words concerning the railways specially mentioned in the Royal Speech. We still adhere to the opinion that the North Island Trunk Railway is of supreme importance, and must be proceeded with as rapidly as possible. In connection with it we also recognize the necessity of obtaining large blocks of land along the line of route, and of making them the subjects of special settlements. We still regard some of the lines as of exceptional importance. Amongst them I may mention the Otago Central and the short piece that will place the Napier line in connection with the line from Wellington northwards. We shall introduce a Bill to authorize the Government to enter into an agreement with a company or syndicate for the construction of the line between the east and west coasts of the Middle Island. We shall make provision in the Bill for authority to enter into an agreement, on the same conditions, with the same or another syndicate or company, for the extension of the line from Nelson to connect with some point of the through east and west line, thus giving Nelson communication with both coasts. The conditions we shall propose will not be onerous on the Government, but they will be sufficiently favourable to enable, in our opinion, the contractors to procure the necessary capital. In these and other future arrangements with private persons for the construction of railways, we shall keep in view that it is desirable all lines in the country should be worked by the Government.

SUBJECTS INDIRECTLY BEARING ON FINANCE.

There are several subjects indirectly bearing on finance about which I might have much to say, only that I have already greatly trespassed on the indulgence of the Committee. I must, however, make a reference to the subject of local government. The Colonial Government and Parliament may do a great deal to push the colony forward, but all their efforts will be incomplete if they are not seconded by the self-governing instincts and abilities of the separate localities. In order that local government should be efficient, it must possess considerable freedom of action, a defined revenue or means of raising revenue, and inducements to exercise economy. Railways do not dispense with the necessity of roads and bridges to open up the country: on the contrary, their own success depends on the energy with which the arteries to feed them are made available to their use. There is more need than ever for opening up lands, for promoting settlement, and for constructing means of communication in the shape of roads and bridges. For these works the country must chiefly depend on local efforts. It may assist, and, when it does assist, it should assist effectually. In connection with the railways, we have in view special settlements, within which a great number of families should be grouped. We want to see a large population located on the lands of the colony, enjoying its free institutions, and not in dread of the security of property being invaded. The present system of local government falls short of what the interests of the country require. We have determined to appoint, during the recess, a Royal Commission to inquire into and report on the whole subject. We will not consider the results of the investigation our private property. They shall belong to Parliament and to whatever Government is in office. Upon them we hope that, next session, legislation will be founded which will vastly improve the present system of local government.

Under a reinstated finance and diminished expenditure, the country will, we are convinced, rouse itself from apathy and spring forward with leaps and bounds of progress. It is a mistake to suppose that borrowed money is the cause, instead of the consequence, of prosperity. Long before the borrowed money was being spent in any quantity, after the policy of 1870 was proposed, the colony was replete with progress. With common prudence we need have no more financial embarrassment or vexatious taxation. We may banish from our minds the philanthropic notion of insurance against pauperism, which might more correctly be termed insurance of pauperism. We must make our railways as we are able to do so, without undue pressure. We must look forward to the

time when the colonists will no longer dread additions to the population in the shape of suitable immigration. The North Island Trunk Railway must be pushed on with every possible expedition. It will open to the colony a new world: it will be as though it was increasing by one-third its territory. Let us encourage the progress of industries, whether they be agricultural, mineral, pastoral, or manufacturing. Still one thing remains—the system of local government must be improved. The edifice cannot be crowned without we have a satisfactory system of local self-governing institutions.

My task is concluded. I wish I could have discharged it with more force and ability. Still, I shall not have striven in vain if I have succeeded in impressing honourable members with my own strong conviction that the finances of New Zealand are not in a condition of difficulty; that they are suffering only from mismanagement; that they are elastic and buoyant enough to satisfy the most exacting financier; that oppressive taxation is not required; and that, under good government, we may safely rely on a progressive improvement of the country's resources.

TABLES REFERRED TO IN THE FINANCIAL STATEMENT.

COMPARATIVE STATEMENT of REVENUE of the CONSOLIDATED FUND for the Financial Years
1871-72, 1874-75, 1877-78, 1880-81, and 1883-84.

—	1871-72.	1874-75.	1877-78.	1880-81.	1883-84.
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Customs	788,711 4 5	1,243,582 0 9	1,272,961 5 3	1,307,634 19 3	1,396,686 12 11
Stamps	74,630 10 1	110,641 0 3	151,068 16 9	142,803 8 4	471,858 18 1*
Land-Tax	..	..	..	56,428 5 9	..
Property-Tax	..	..	..	219,716 1 0	268,774 0 9
Beer Duty	..	..	..	45,986 19 8	57,016 8 2
Railways	..	..	572,490 11 6	838,622 10 8	963,118 19 0
Postal	47,054 18 3	72,037 0 0	135,816 3 1	149,097 12 7	..
Telegraphic	28,471 6 7	55,552 2 9	72,514 16 0	67,465 8 8	92,871 14 4
Judicial	28,519 3 10	32,263 4 10	46,797 10 7	56,222 2 11	..
Native Lands Duties ..	5,442 0 3	3,335 15 2	..	..	..
Registration & other Fees	31,456 9 10	40,848 7 7	27,643 18 0	32,205 11 3	37,291 8 0
Land and Deeds Transfer	..	..	36,578 3 9	40,082 19 7	..
Marine	..	..	19,491 11 4	14,220 5 3	15,943 0 5
Miscellaneous	32,230 5 7	50,079 0 3	42,074 4 0	69,574 18 8	35,578 11 1
	1,036,524 18 10	1,608,338 11 7	2,377,437 0 3	3,040,061 3 7	3,339,139 12 9
Territorial Revenue ..	114,980 4 3	129,953 7 10	145,738 15 0	130,163 19 1	154,519 3 4
Totals	1,151,505 3 1	1,738,291 19 5	2,523,175 15 3	3,170,225 2 8	3,493,658 16 1

* Includes revenues derived from Postal, Judicial, Native Lands Duties, Land and Deeds Transfer Fees, which are now collected by means of Stamps.

STATEMENT showing the Amount of NET INDEBTEDNESS at 31st March, 1884, the ANNUAL CHARGE in respect thereof, and the RATE PER CENT. of such Annual Charge.

—	Net Debt.	Annual Charge.	Rate per cent.
Loans with Sinking Funds.	£	£	
New Zealand Loan, 1856	23,007	20,000	86·9
" " 1860	14,094	7,448	52·8
" " 1863	938,949	96,792	10·3
New Zealand Consols (drawing)	5,807,607	436,986	7·52
Immigration and Public Works Loan, 1870	878,847	58,000	6·59
Auckland Loan, 1863	18,452	2,528	13·7
Wellington Loan, 1866	4,910	1,350	27·4
Lyttelton and Christchurch Railway Loan, 1860	34,833	6,216	17·8
Canterbury Loan, 1862	19,471	1,596	8·2
Otago Loan, 1862	74,921	8,169	10·9
	7,815,091	639,085	8·17
Loans without Sinking Funds.			
Ordinance of Legislative Council	311	..	
Consolidated Loan Act, 1867	64,000	3,200	5
Defence " Loan, 1870	13,000	520	4
" "	50,000	2,500	5
" "	25,000	1,125	4½
" "	75,000	3,000	4
Immigration " and Public Works Loan, 1870	372,100	14,884	4
General " Purposes Loan, 1873	27,900	1,255	4½
" "	51,700	2,068	4
" "	6,200	279	4½
Westland Loan, 1873	192,100	9,605	5
New Zealand Loan, 1876	50,000	2,500	5
" " 1877	1,000,000	50,000	5
Inscribed " Stock	2,500,000	125,000	5
New Zealand Loan, 1879	12,847,200	518,888	4
Colonial Inscribed Stock	524,000	26,200	5
5 per cent. five-thirties	250,000	12,500	5
4½ " "	746,300	37,315	5
Nelson " Loan, 1874	2,947,000	132,615	4½
	18,000	1,260	7
	29,574,902	1,578,799	5·33

The PUBLIC DEBT of NEW ZEALAND on 31st March, 1884.

LOANS.	DEBENTURES AND STOCK IN CIRCULATION.		SINKING FUNDS ACCRUED.	NET INDEBTEDNESS.	ANNUAL CHARGE.				TOTAL.
	Amount.	When redeemable.			INTEREST.		SINKING FUND.		
					Rate.	Amount.	Rate.	Amount.	
UNDER ACTS OF THE COLONIAL GOVERNMENT:—	£	£	£ s. d.	£ s. d.	p. cent.	£ s. d.	p. cent.	£ s. d.	
Ordinance of Legislative Council ...	311	On presentation January, 1888	311 0 0	311 0 0	...	...	...	...	
New Zealand Loan Act, 1856	375,000 25,000 50,000 50,000	October, 1888 October, 1889 June, 1894	476,993 0 0	23,007 0 0	4	20,000 0 0	...	20,000 0 0	
New Zealand Loan Act, 1860	488,000 500,000 201,500 236,000 93,900	1 July, 1891 15 July, 1914 1 November, 1915 15 March, 1891 15 June, 1891 15 December, 1891	79,005 18 2	14,094 1 10	6 5 4 6 6 6	5,586 0 0 24,400 0 0 20,000 0 0 12,090 0 0 14,160 0 0 5,634 0 0	2 1 1 2 2 2	1,862 0 0 4,880 0 0 5,000 0 0 4,030 0 0 4,720 0 0 1,878 0 0	
New Zealand Loan Act, 1863	1,519,400		580,451 0 0	938,949 0 0				7,448 0 0 29,280 0 0 25,000 0 0 16,120 0 0 18,880 0 0 7,512 0 0	
Consolidated Loan Act, 1867	4,583,100 64,000 13,000	36 years from issue 1 January, 1893 15 April, 1913	4,660,100		5 5 4	229,155 0 0 3,200 0 0 520 0 0	1	45,831 0 0	
Defence and Other Purposes Loan Act, 1870	600,000 59,000 25,000 75,000	36 years from issue 31 December, 1885 1 July, 1910 15 April, 1913	1,546,646 0 0	6,563,454 0 0	5 5 4½ 4	30,000 0 0 2,500 0 0 1,125 0 0 3,000 0 0	1	6,000 0 0	
Immigration and Public Works Loan Act, 1870	2,100,000 372,100 27,900 200,000 12,300 49,500 20,900 18,500 6,200 87,900 54,700	36 years from issue 15 April, 1913 15 April, 1913 1 June, 1907 15 May, 1914 15 December, 1888 15 October, 1883 15 October, 1913 15 October, 1885 28 November, 1884 28 November, 1914 15 April, 1894			5 4 4½ 4 4 4 4 4½ 5 5	105,000 0 0 14,884 0 0 1,255 10 0 8,000 0 0 492 0 0 2,475 0 0 836 0 0 740 0 0 279 0 0 4,395 0 0 2,735 0 0 2,500 0 0	1 2*	21,000 0 0 20,000 0 0	
General Purposes Loan Act, 1873	250,000			250,000 0 0					
Westland Loan Act, 1873	50,000			50,000 0 0					
New Zealand Loan Act, 1876	1,000,000			1,000,000 0 0					
New Zealand Loan Act, 1877	2,500,000			2,500,000 0 0					
Carried forward	14,022,911		2,683,095 18 2	11,339,815 1 10		689,961 10 0		115,201 0 0	

* On the whole of the one million of Imperial Guaranteed Debentures.

The PUBLIC DEBT OF NEW ZEALAND on 31st March, 1884—continued.

LOANS.	DEBENTURES AND STOCK IN CIRCULATION.		SINKING FUNDS ACCRUED.	NET INDEBTEDNESS.	ANNUAL CHARGE.				TOTAL.
	Amount.	When Redeemable.			INTEREST.		SINKING FUND.		
					Rate.	Amount.	Rate.	Amount.	
	£	£	£ s. d.	£ s. d.	p. cent.	£ s. d.	£ s. d.	£ s. d.	
Brought forward	...	14,022,911	2,683,095 18 2	11,339,815 1 10		689,961 10 0	115,201 0 0	805,162 10 0	
UNDER ACTS OF THE COLONIAL GOVERNMENT— <i>continued.</i>									
New Zealand Consolidated Stock Act, 1877	...	12,847,200	...	12,847,200 0 0	4	513,888 0 0	...	513,888 0 0	
New Zealand Loan Act, 1879	...	524,000	...	524,000 0 0	5	26,200 0 0	...	26,200 0 0	
New Zealand Colonial Inscribed Stock Loan Act, 1882	...	250,000	...	250,000 0 0	5	12,500 0 0	...	12,500 0 0	
LOANS PARTIALLY CONVERTED—									
Defence and other Purposes Loan Act, 1870	250,000	} 15 July, 1906 (5/30)	...						
Immigration and Public Works Loan Act, 1873	500,000								
General Purposes Loan Act, 1873	500,000								
	1,250,000	} 1 Feb., 1904 (5/30)	...		5	37,315 0 0	...	37,315 0 0	
Less Debentures converted	503,700								
Immigration and Public Works Loan Act, 1870	500,000								
Immigration and Public Works Loan Act, 1873	1,580,000	} 1 Feb., 1905 (5/30)	...						
Immigration and Public Works Loan Act, 1874	4,000,000								
	6,000,000								
Less Debentures converted	3,053,000		2,947,000	2,947,000 0 0	† 4½	132,615 0 0	...	132,615 0 0	
UNDER ACTS OR ORDINANCES OF THE LATE PROVINCIAL GOVERNMENTS:—									
Auckland Loan Act, 1863	31,600	} 1 June, 1896	13,147 9 3	18,452 10 9	6	1,896 0 0	2	632 0 0	
Wellington Loan Act, 1866	13,500		8,590 1 5	4,909 18 7	8	1,080 0 0	2	270 0 0	
Nelson Loan Act, 1874	18,000		...	18,000 0 0	7	1,260 0 0	...	...	
Lyttelton and Christchurch Railway Loan Ordinance, 1860	77,700	} 30 years from issue	42,867 0 1	34,832 19 11	6	4,662 0 0	2	1,554 0 0	
Canterbury Loan Ordinance, 1862	22,800		3,329 1 0	19,470 19 0	6	1,368 0 0	1	228 0 0	
Otago Loan Ordinance, 1862	116,700		41,778 10 4	74,921 9 8	6	7,002 0 0	1	1,167 0 0	
ADVANCES ON SECURITY OF DEBENTURES:—									
Immigration and Public Works Loan Act, 1870	...	} 1 June, 1907	2,792,808 0 3	28,824,002 19 9	*	1,429,747 10 0	119,052 0 0	1,548,799 10 0	
	...		750,000	...	750,000 0 0	...	...	...	
Totals	...		2,792,808 0 3	29,574,002 19 9		1,429,747 10 0	119,052 0 0	1,548,799 10 0	

* Rate of interest varies, as the debentures are employed for temporary borrowing. † In the table appended to the Financial Statement of 20th June last, the rate was inadvertently stated to be 5 per cent. NOTE.—The above total of £32,367,711 is exclusive of £398,000 for Deficiency Bills temporarily issued.

STATEMENT of the SECURITIES held on behalf of the following TRUST FUNDS on the 31st August, 1884.

Description of Securities, &c.	Nominal Value.		
THE POST OFFICE SAVINGS BANK FUND.			
	£	s.	d.
Consolidated Loan, 4 per cents	13,000	0	0
Immigration and Public Works Loan, 1870, 4 per cents	173,200	0	0
Defence "Loan, 4 per cents "	14,900	0	0
General "Purposes Loan, 5 per cents	75,000	0	0
Westland Loan, 5 per cents	5,000	0	0
Colonial Inscribed Stock, 5 per cents	192,100	0	0
4 per cent Inscribed Stock Scrip	5,200	0	0
Imperial Guaranteed Debentures	50,000	0	0
Deficiency Bills, 5 per cents	250,000	0	0
Oamaru Town Corporation Debentures, 7 per cents.	94,000	0	0
Oamaru Harbour Mortgages, 5½ per cents	121,000	0	0
Patea Harbour Debentures, 7 per cents	334,400	0	0
North Rakaiia River Bonds, 6 per cents	5,000	0	0
Waimakariri River Bonds, 6 per cents	33,500	0	0
	10,000	0	0
	8,000	0	0
	4,500	0	0
Total	£1,388,800	0	0
THE GOVERNMENT INSURANCE DEPARTMENT.			
Deficiency Bills, at 5 per cent.	436,300	0	0
Fixed Deposits with the Bank of New Zealand, at various rates	226,000	0	0
Colonial Bank of New Zealand, at 5 per cent.	25,000	0	0
Waimea Plain Railway Debentures guaranteed, at 6 per cent.	40,000	0	0
Advance to the Waimea Plain Railway Company on Debentures and Mortgage, and on the security of Rates leviable in Railway Districts, at 6½ per cent.	35,000	0	0
Borough of Arrowtown Waterworks Debentures, at 7 per cent.	2,500	0	0
Borough of Parnell Drainage Loan, at 6 per cent.	4,800	0	0
Waterworks Loan, at 6 per cent.	2,150	0	0
Borough of Wanganui Debentures, at 7 per cent.	1,000	0	0
Queenstown "	3,500	0	0
Feilding "	1,800	0	0
New Plymouth "	4,000	0	0
University of Otago " at 6 per cent.	15,000	0	0
Wellington College Mortgage, at 7 per cent.	5,000	0	0
Total	£802,050	0	0
THE PUBLIC TRUST OFFICE.			
General Purposes Loan, 1873, Debentures and Scrip, at various rates	28,300	0	0
New Zealand Loan, 1876, Debentures, at 5 per cent.	24,900	0	0
Deficiency Bills, at 5 per cent.	67,200	0	0
Mortgages, at various rates	57,073	5	5
Post Office Savings Bank	50	0	0
Borough of South Invercargill Debentures, at 8 per cent.	600	0	0
Town of North Invercargill Bonds, at 7 per cent.	500	0	0
Total	£178,623	5	5
THE COMMISSIONERS OF THE PUBLIC DEBT SINKING FUNDS.			
Defence and Other Purposes Loan Act, 1870, Debentures at 5 per cent.	50,000	0	0
Immigration and Public Works Loan Act, 1870, Debentures at 4½ per cent.	20,000	0	0
Deficiency Bills, at 5 per cent.	13,000	0	0
Canterbury Rivers Debentures, at 6 per cent.	1,000	0	0
City of Dunedin Mortgage, at 7 per cent.	59,900	0	0
Borough of Patea Debentures, at 6 per cent.	14,500	0	0
Borough of Hawera Debentures, at 6 per cent.	3,300	0	0
Waitara Harbour Board Debentures, at 6 per cent.	5,000	0	0
Cambridge Town District Debentures, at 6 per cent.	6,300	0	0
	15,000	0	0
	700	0	0
Total	£188,700	0	0
SUMMARY.			
The Post Office Savings Bank Fund	1,388,800	0	0
The Government Insurance Department	802,050	0	0
The Public Trust Office	178,623	5	5
The Commissioners of the Public Debt Sinking Funds	188,700	0	0
Total	£3,058,173	5	5