

progress to be carried on pending full consideration of the whole question of dealing with the requirements of the respective harbours and the best means of obtaining the funds which might be deemed necessary, rather than that the Boards should attempt to float their loans either in London or in the colony. The Westport Board was authorised in 1884 to borrow to the extent of £500,000, and has borrowed £250,000, of which £150,000 is guaranteed, and was raised as a 4-per-cent. loan in London; and £100,000, of which the £56,000 referred to is a part, has been temporarily advanced upon security of the like amount by the Post Office and Public Works Fund. The whole of these moneys are exhausted, and it will be necessary for the present to continue to make small advances from the Public Works Fund, upon security of a further issue of debentures. The Greymouth Harbour Board has exhausted its borrowing-powers. The authority was for £150,000, of which £100,000 was guaranteed, and raised in London along with the Westport £150,000. The amount borrowed has been all expended, and in the meantime it has been found necessary to make advances to the extent of about £5,000. The Government have now under consideration certain proposals with regard to these two Harbour Boards, and an early opportunity of discussing them fully will be afforded to the House.

GOVERNMENT LOANS TO LOCAL BODIES.

Up to the 31st March, 1889, the Treasury had borrowed £200,000 for the purpose of making loans under "The Government Loans to Local Bodies Act, 1883;" and last year further sums were from time to time borrowed to the amount of £50,000, making in all £250,000 at the 31st March, 1890. The debentures issued for this amount bear interest at the rate of 5 per cent. per annum, and mature on the 1st March, 1892. At the 31st March, 1889, the total amount advanced to local bodies was £192,316, and last year the sums so paid amounted to £59,763, making a total of £252,079, reducible, however, by £3,880 for refunds, &c., to £248,199, leaving a balance in hand at the end of the year of £1,800.

*Government
Loans to Local
Bodies.*

Total amount
borrowed to
make loans from
beginning,
£250,000; loans
made, £248,199.

At the 31st March, 1890, the engagements of the Treasury in respect of these loans amounted to £14,928, and applications had been received for £39,530 more, which had been granted on the usual understanding that all the steps necessary to complete the security for the loans would be taken before any payments were made. At the 1st February, 1890, the amount of debt standing inscribed in the Treasury register, including the equivalent of the converted debentures issued by local bodies under "The Roads and Bridges Construction Act, 1882," was £328,980; and between the 1st February and the 31st March, 1890, further payments to the amount of £14,782 had been made, which carry interest at 4 per cent. until the 1st February, 1891, when, with interest added, the amounts so paid will, in accordance with the provisions of the Act, be also inscribed in the Treasury register.

*Engagements at
31st March, 1890,
for further loans,
£14,928 absolute,
£39,530
contingent.*

Having thus laid before the Committee a brief summary of the operations under "The Government Loans to Local Bodies Act, 1886," to the 31st March last, I shall now refer shortly to the provisions of the Act which relate to the creation of a sinking fund for the redemption of the debentures issued by the Treasury to provide the money to make the loans.

In section 45 of the Act it is provided that the sinking fund shall consist of such amount as may be annually appropriated from time to time by the General Assembly, not exceeding 2 per cent. on the amount of the original debt of the local bodies: the payments to continue for a period of twenty-six years.

*As to provision
for a sinking
fund to redeem
debentures
issued by
Government.*

It was assumed that the money required to make the loans could be borrowed by the Treasury at 4 per cent., and that, with a contribution of 1 per cent. from the Consolidated Fund and 1 per cent. from the 5 per cent. paid by local bodies, a sinking fund of 2 per cent. per annum would be created, which, invested at 5 per cent., would at the end of twenty-six years accumulate to such an amount as would enable the Treasury to repay the money borrowed.

When the scheme was brought into operation in 1886-87 the time was no doubt found inopportune to borrow at 4 per cent., and short-dated debentures