Government, or have met with the approval of the House. It was therefore thought better to leave intending settlers as free as possible to compete on equal terms, selecting for themselves the tenure which would best suit their circumstances,—cash purchase, deferred payments, or perpetual lease,—and not to make any attempt to balance the account by forcing the sale of land for cash.

With free choice of land tenure, (and preference given to perpetual lease), temporary extraneous aid to Land Fund necessary.

It is clear, however, that if we are to continue this system of free choice of tenure we must face the fact that it will be impossible to carry on the settlement of the country without large extraneous aid to the Land Fund. During the three years the late Government were in office the receipts from sales of land fell short of the charges fixed by law, and the costs of survey, administration, &c., by £147,200, without counting the amount expended from other funds in the purchase of the land, on roads to open it up for settlement, or in settlement itself. For the two years and a half to the 31st March last, during which the present Government have been in office, the receipts proved inadequate to meet the ordinary charges by £90,354.

The Public Debt.

THE PUBLIC DEBT.

Table No. 4. Net public debt, £37,284,518, of which there is unexpended, £961,300.

On the 31st March, 1890, the gross estimated public debt of the colony amounted to £38,667,950, and the accrued sinking funds to £1,383,432; the net public debt was therefore £37,284,518. Of this sum there remained unexpended about £961,300.

Transactions of 1889–90 stated.

Before proceeding to refer to the transactions of the year affecting the amount of the public debt at the 31st March last, it is necessary to explain that, as the recent conversion of 5-per-cent. debentures into 3½-per-cent. inscribed stock, to which I shall presently refer, had not been completed by the end of the year, I have, for the sake of simplicity, deemed it desirable, in stating the public debt, to add, to the £2,700,000 of stock issued last year, an estimate of the further stock required to cover the whole operation, and to exclude the debentures called in and in course of payment, which I have assumed have all been sent in and redeemed by the 31st March. During the year debentures of the New Zealand loan of 1856—namely, £50,000 due 1st July, 1889, and £50,000 due 1st October, 1889—were redeemed out of accrued sinking funds; debentures of "The Consolidated Stock Act, 1884," for £133,400 were redeemed out of sinking fund of the consolidated loan of 1867 set free by conversion; debentures for £48,600 of the loan last named, drawn for redemption in 1889, were redeemed out of the sinking fund of that loan; and there were redeemed and in course of redemption out of the proceeds of the new issue of 3½-per-cent. inscribed stock, debentures of the New Zealand loan of 1889, £388,000, due the 1st November, 1889, and debentures of the New Zealand loans of 1876 and 1877 for £2,207,300 (known as the 5-per-cent. ten-forties), called in for redemption on the 1st March last. On the other hand, debentures were issued for £275,200 under "The Consolidated Stock Act, 1884," equivalent to the estimated amount of increases of the sinking funds for 1888–89; and a further amount of £50,000 for loans to local bodies under "The Government Loans to Local Bodies Act, 1886." Then we issued the £2,700,000 of 3½-per-cent. inscribed stock already referred to, created for the purpose of paying off the debentures remaining unconverted of the loan of 1879 and of the 5-per-cent. ten-forties; and to this I have added the estimated further amount of £70,000 3½-per-cent. inscribed stock required to complete the conversion operation. Although by this operation the public debt has been enlarged, honourable members will, of course, bear in mind that a considerable saving in the annual charge has been effected by the reduction of the rate of interest in respect of the bonds converted from 5 to 3½ per cent. I have also included £75,000 for mortgage debt taken over by the Government when the Waimea Plains Railway was purchased, but which has not hitherto appeared in the annual statement of the public debt. Interest upon it is paid out of the Consolidated Fund, and eventually the Treasury will be called upon to redeem the mortgages by the issue of debentures under the District Railways Purchasing Act. For these reasons, I think the amount should be included in the debt, and I have included it accordingly. The usual table of particulars will be appended to this Statement when printed for circulation. It will be seen on referring to it