

that there are several loans falling due in the course of the next two or three years. In some cases the accrued sinking funds will probably suffice for their redemption; in others the debentures are convertible, under agreement with the holders, into 4-per-cent. inscribed stock. With regard to the remainder, there is authority to renew some of them for a short term; but in preference to doing so it may be found desirable, in making provision for those which are not renewable, to deal at the same time with those which are, and so make one operation do for all. There is, however, no necessity for legislation on the subject this session.

Before concluding my remarks on the public debt, I desire to remove any impression that may have arisen that we have from year to year been increasing our funded debt by the full amount of debentures authorised by law to be created for the annual increase of the sinking funds. It should be borne in mind that, while the amount of such debentures is being year by year added to the debt, an annually-increasing amount is at the same time being deducted from it, by applying to the redemption of debentures so created the sinking funds of loans set free by conversion. For instance, it will be seen, from the accounts and from my previous remarks under this head, that we last year issued £275,200 and redeemed £133,400. The total amount issued since the Act came into operation is £1,547,484, and we have redeemed £608,400, leaving £939,084 outstanding on the 31st March last.

ISSUE OF £2,700,000 3½-PER-CENT. INSCRIBED STOCK.

Last year the Government, having in view the necessity of borrowing in London for the purpose of taking up the £388,000 unconverted balance of the five-million loan of 1879, which fell due on the 1st November, 1889, determined, on the advice of the Loan and Stock Agents—to whose foresight and judgment in the management of our loans I have much pleasure in stating the colony is greatly indebted—to exercise the option of paying off at six months' notice the balance of the loans of 1876 and 1877, known as the 5-per-cent. ten-forties, amounting to £2,207,300, and to combine in one operation the calling-in of these debentures and paying off the balance of the loan of 1879. Notice to pay off the ten-forties on the 1st March, 1890, was accordingly given to the holders of the bonds on the 16th July; and on the 18th October the Bank of England invited tenders for £2,700,000 New Zealand Government 3½-per-cent. stock, repayable at par on the 1st January, 1940. The minimum price of issue was fixed at 95 per cent., and the first six months' interest was made payable on the 1st July, 1890. This was the first occasion on which New Zealand had entered the market with a 3½-per-cent. loan, and the result was looked forward to with considerable interest. Early in October, when the time for issuing the loan was rapidly nearing, circumstances did not seem to the Agents favourable to success, and it seemed not unlikely that it would be prudent to postpone the issue for a few months, and make temporary provision for taking up the debentures due on the 1st November; but later on such an improvement took place in the money-market as to warrant the Agents in proceeding with the loan. The average price realised proved to be £95 16s. 8½d., being rather less than 1 per cent. over the minimum—a result which will yield a saving of about £30,000 in the annual charge for interest, and is, on the whole, fairly satisfactory. It is gratifying to note, as indicating a growing confidence in the credit of the colony, that since the loan was issued it has risen in price to 99. Papers relating to the negotiation of the loan will at once be laid before Parliament.

PUBLIC WORKS FUND.

It may be as well to remind honourable members that since the year 1885–86 the Public Works Fund has been divided into three parts. Part I. consists of the balance left of the loans existing prior to the 31st March, 1886, supplemented by one-half of the loan of one million authorised in 1888 for roads, purchase of Native lands, telegraph extension, and harbour defences; Part II. is the account of the million loan authorised in 1882 for the North Island Main Trunk Railway; and Part III. is the account of the loan of £1,325,000 authorised in 1886 for the construction of certain railways, supplemented by one-half of the loan of one million authorised in 1888.

Loans falling due.

Explanation regarding debentures issued for increases of Sinking Fund.

Three-and-a-half-per-cent. Inscribed Stock issued for conversion purposes, £2,700,000.

Minimum price of issue, 95.

Price realised, £95 16s. 8½d.

Saving of interest by conversion, £30,000 per annum.

Public Works Fund.

Table No. 1.