the point touched last year was as low as 91 ex div. Such low quotations were, of course, never anticipated when the conversion proposals were initiated: indeed, the selling price was looked upon at a minimum of 96, so as to represent a par value for debentures of £100 converted into £104 of stock. Correspondence has taken place between the Stock Agents and the Government with respect to the possibility of making good, by the issue of new stock, the loss sustained by selling our stock below 96; but the Stock Agents, supported by the Agent-General, did not consider a further issue could be made for this purpose. It may therefore become necessary to ask the Committee to make some provision out of the Public Works Fund to cover the loss sustained in the Conversion Account. I do not, however, anticipate the amount will be very large; but, until the sales of stock at present held by the Agent-General on behalf of the Government have been fully effected, I am unable to state the exact amount likely to be required.

Table No. 10.

It may interest the Committee to learn what has been done, and what annual saving of interest and sinking fund has been effected, by the recent conversion operations. Briefly, the results have been these:—

Results of conversion operations.

Debentures amounting to £589,600 have been converted into £622,633 of 3½-per-cent. Inscribed Stock. The previous annual charge for interest and Sinking Fund was £45,363. The annual charge under the conversion is now £21,792, and the consequent annual saving will be £23,571.

Issue for expenses.

In addition to the before-mentioned amount of stock, a further small issue will have to be made so as to provide for the expenses of conversion, such as stamp duty, commission, printing, and other charges. The interest on this further stock will have to come off the annual saving. Of course this amount of annual saving is not actuarially correct, inasmuch as a sum would require to be set aside annually to provide for the increased debt at the due date of the stock; but the figures I have given of the annual saving are sufficiently accurate to show the Committee the advantage derived from the recent conversion operations.

Further conversion of £4,257,700.

A large conversion takes place this year. £43,600, due 15th January, and £4,214,100, due 15th April, of 5-per-cent. debentures become convertible into 4-per-cent. stock at the respective values of 110 and 107. The operation will result in the public debt being increased by nearly £300,000, but there will be an immediate saving of £30,600 per annum for interest.

GOVERNMENT LOANS TO LOCAL BODIES.

Amounts raised to 31st March, 1892.

To the 31st March, 1892, £385,000 had been borrowed for the purpose of ordinary grants to local authorities. An additional sum of £89,000 of debentures was also created, and the proceeds transferred to the Public Works Fund, Part I., in payment of the asset of that fund amounting to £89,878 8s. 9d. A further sum of £8,000 was also raised under the provisions of "The Government Loans to Local Bodies Act Amendment Act, 1891," section 2, and this amount was paid over last year in partial reduction of the cost of road-making within the Maeruwhenua and Waimarino Blocks, which had been proclaimed as set apart for settlement. Of the £482,000 of debentures issued as above, £449,000 became due on the 1st March last, and were converted into Consolidated Stock debentures under the Consolidated Stock Acts of 1884 and 1891; and the operation was a convenient one for obtaining a concession in the rate of interest from 5 to 4½ per cent. per annum.

Table No. 1. Transactions during 1891-92, and balance available.

During the past year £89,408 was paid over to local authorities, making a total of £384,772 advanced to the 31st March last. In addition to £25,000 previously paid, £64,000 was transferred to the Public Works Fund, and £8,000 to the Government Loans to Local Bodies Account, leaving a balance of £228. Some refunds amounting to £979 came in, and £177 was received under section 4 of "The Government Loans to Local Bodies Act Amendment Act, 1891." The balance available for further grants was £1,384 at the close of the year.

Details of transactions in separate parliamentary paper.

The amount of applications received during the past year and the liabilities thereunder, together with other information scarcely within the scope of this Statement, will be laid before members in the usual parliamentary paper.