

PUBLIC WORKS FUND.

PART I.

As the money for expenditure out of this fund is now contributed by the Consolidated Fund, and as the loan-money which formed this fund has been exhausted, I have under consideration the question whether Part I. of the Public Works Fund shall be retained as a separate account or not.

Outside the £250,000 transferred from the Consolidated Fund during last year, the receipts amounted to £63,049. The expenditure under the annual votes amounted to £307,182, and £1,000 was charged to complete the purchase of the Kaihu Valley Railway. Entries for £47,000 of the company's debentures taken over by the Government have also been passed through both sides of the account. Adding the receipts, £360,049, to the balance, £263,658, at the commencement of the year, and deducting £355,182 of expenditure, there remained a balance of £268,525 on the 31st March last, against which £229,076 of liabilities were outstanding.

PART II.

The loan-money belonging to the North Island Main Trunk Railway Line is steadily disappearing. The balance to commence the year with was £79,197, to which was added a small recovery of £12 belonging to the former year's expenditure. On the other side there has been charged the sum of £52,604, leaving a cash balance at the close of the year of £26,604, against which £14,097 of liabilities have been incurred.

THE CONVERSION ACCOUNT.

The conversion operations of last year resulted in a further issue of £787,258 of 3½-per-cent. inscribed stock, which towards the close of the year began to sell at over par. The inscription of this stock enabled £398,900 of various debentures to be converted, and £283,300 of loans to be redeemed, leaving (after paying expenses) a balance of £40,193, which will be used to complete the operations.

The redemption of the loan of 1856 on 1st July, 1894, by the sale of inscribed stock issued for that purpose, resulted in the release of Sinking Fund amounting to £59,935; of which amount £5,514 was used to redeem debentures issued under "The Consolidated Stock Act, 1884," and £54,421 was paid into the Public Works Fund, Part I., in conformity with the provisions of the same Act.

Two hundred thousand pounds of debentures, bearing 4½ per cent. interest, issued as part purchase-money for the Cheviot Estate, were also paid off, and the amount is now carrying only a 3½-per-cent. rate.

In accordance with our new method of dealing with the annual drawings of the consolidated loan of 1867, the sum of £33,300 of bonds drawn by the public was paid out of the proceeds of stock issued for the purpose.

Offers for conversion of the high-interest-bearing loans are still before the public; but there is a natural reluctance to part with gilt-edged securities, and consequently the conversions are only slowly effected.

The ordinary table, which I shall attach to my Statement, contains full particulars of the conversion operations of the year.

THE LOANS TO LOCAL BODIES ACCOUNT.

Up to 31st March last the amount raised for granting loans to local bodies was £648,082, and for grants under the provisions of section 2 of "The Government Loans to Local Bodies Act Amendment Act, 1891," the amount of £116,918. These two amounts, together with the amount of £89,800 which was created in respect of the debt of £89,878 8s. 9d. due to the Public Works Fund for debentures issued under "The Roads and Bridges Construction Act, 1882," and now inscribed as debts of the local bodies under Part II. of "The Government Loans to Local Bodies Act, 1886," amount to a total of £854,800 for debentures created and issued, and the proceeds of which have been carried into the Loans to Local Bodies Account.