

shall avail ourselves of the London market to float the amount in the shape of 3-per-cent. inscribed stock. Considerable opposition was shown, at the time the Loan Bill was in Committee, to the currency being allowed to extend to the dates of the existing inscribed stock, and it was pointed out, not without reason, that with a falling rate of interest we should endeavour to issue our loans with a much shorter currency than heretofore, and with this object the present loan was limited to a currency not exceeding twenty-five years. Our intention was good enough; but, when it came to practical working, our financial advisers in London pointed out the difficulties which would undoubtedly arise from having inscribed stock of different currencies bearing the same rate of interest, and that the financial market, only too eager and ready to find the slightest excuse, would seize upon this anomaly to demand enhanced terms should an issue be placed upon the London market. Upon making inquiries myself into this matter, while in London, I had to come to the conclusion that it will cost the colony an extra 2 per cent. if this defect is not remedied. I shall, therefore, ask Parliament to amend the Loan Act so as to allow any inscribed stock which may be issued under this Act to rank absolutely *pari passu* with the existing 3-per-cent. inscribed stock.

THE PUBLIC WORKS FUND.

Part I. was credited during the year with £375,000, proportion of the proceeds of debentures issued under "The Aid to Public Works and Land Settlement Act, 1896." Released sinking funds amounting to £12,896 also came to credit. The sum of £150,000 was transferred from the Consolidated Fund, and some miscellaneous moneys, amounting to £2,379, were also credited. These amounts, with the balance brought forward from the 31st March, 1896,—namely, £31,150,—produced available funds to the amount of £571,425. The expenditure on railways, roads, and other public works amounted to £414,007. A small sum of £55 was also paid to the Waipā County by way of subsidy. These sums, deducted from the funds available, left a balance at the close of the year of £157,363.

Part II. had a balance of £13,923 to commence the year with, and this amount was expended on works connected with the North Island Main Trunk Railway. This account is now closed, the expenditure being incorporated with and provided for in Part I.

THE LANDS IMPROVEMENT ACCOUNT.

This account had a balance of £31,425 at the beginning of the year. Proceeds of debentures amounting to £208,700 were credited under the authority of "The Lands Improvement and Native Lands Acquisition Act, 1894," and "The Aid to Public Works and Land Settlement Act, 1896." Some miscellaneous items amounting to £3,378 were also credited. The expenditure amounted to £106,930; and the balance at the close of the year was £136,573.

THE NATIVE LANDS PURCHASE ACCOUNT.

This account opened with a balance of £5,920; and the proceeds of debentures amounting to £218,300, issued under the above-mentioned Acts, were duly credited during the year, together with £2 for premium. Purchases of Native lands, with the cost of surveys and other expenses, amounted to £129,000, leaving a balance of £95,222 at the end of the year.

WAYS AND MEANS OF THE LOAN ACCOUNTS.

At this point it may be convenient to place before honourable members a summary of the ways and means, both in hand and prospective, of the several Loan Accounts I have just referred to:—

WAYS AND MEANS ON THE 31ST MARCH, 1897.

Public Works Fund—

Balance	£157,363
Proportion of £250,000, Aid to Public Works, &c., Loan, to be received	125,000
	£282,363