

trust funds in the colony hold £330,000. I shall explain presently the action taken to convert the bills thus held into Inscribed Stock. The Bank of New Zealand is the holder of the remainder under various conditions, which I shall state to the Committee. Bills amounting to £232,000 are held by the Bank in London as security for an advance of like amount, bearing interest at 5 per cent., and repayable in February, 1879. Bills amounting to £170,000 are held by the Bank in Wellington as security for advances of £110,000 at 6 per cent., and £60,000 at 5 per cent.; but, under an arrangement whereby £170,000, part of the balance in the Public Account, is held as a deposit not bearing interest, no interest is paid to the Bank on the sums advanced, both of which are repayable in February, 1879. And bills representing £100,000 were purchased by the Bank, and fall due in November of the present year. The Bank of New Zealand holds altogether Treasury bills amounting to £502,000. The Government think the consolidation of these securities is desirable, and have taken steps accordingly.

CONVERSION OF STOCK.

The Government have thought it wise to bring into force the provisions of the Consolidated Stock Act, and have delegated full authority to the Agents appointed for the purpose, to convert, on terms to be arranged by them, any part or all of the loans of the colony, with the acquiescence, of course, of the bondholders. As Mr. Larnach was visiting the mother country, and knew the mind of the Ministry on the subject, he was appointed one of the Agents for the purpose. It appeared to the Government that not only was it expedient to give the loans of the colony the character of uniformity, but that it would be also desirable to release the accrued Sinking Fund. This fund has lost its value in the eyes of the capitalist as an instrument of security, and might be most usefully employed in the advancement of our public works. The new Stock will also be eligible for inscription with the Bank of England under the provisions of the Act.

The Government have not yet been advised as to the nature or extent of the operations which the Agents have undertaken, but as soon as information is received on the subject it will be laid before the House. An estimate, however, has been formed of the cost of converting two and a-half millions this year, which, on the basis agreed upon between the Agent-General and the Bank of England, we have stated at £14,000. Except with respect to certain securities in the Trust Funds, to be explained presently, we do not estimate as available for the accounts of the year any portion of the accrued Sinking Fund in the hands of the Commissioners. The operation is too uncertain to entitle us to estimate the amount which may be released.

But there is a transaction in process, of which I can speak with more precision. Authority has been sent to the Agents to effect the conversion of the colonial securities held in trust in the colony. The Postmaster-General holds convertible securities to the amount of £641,300; the Government Insurance Commissioner, £239,400; and the Public Debts Sinking Fund Commissioners, £97,100, the total amounting to £977,800. Of this sum, £330,000 is represented in Treasury bills, which we thus purpose transforming into consolidated stock. As the authority of the holders of the securities has been given to their conversion, we assume, for the purposes of this Statement, that the operation is complete, and we propose to ask authority to place the accrued Sinking Fund, and a sum paid by the Manchester Corporation, amounting in all to £67,694, now standing against these securities, to the credit of the Public Works Account. It has been intimated to the Agents that stock of a uniform description bearing one rate of interest, and of an equivalent value to that at present held, are the main conditions the managers of the various trust funds desire to see observed.

MEETING OF PARLIAMENT.

My predecessor, Mr. Larnach, in his Financial Statement last Session, pointed out what he held to be a defect in the present system of voting the supplies of the year, by which the expenditure is carried on for several months of the year without any appropriation being made, and incurred solely on the authority of Imprest Supply Acts. To cure the defect, which the Committee I think will admit, he