

other, making a total of £528,603. But Parliament having last session, in anticipation of a large deficit at the close of the year 1887–88, made provision for £400,000, I have to-day to suggest only a means of meeting the much smaller sum of £128,603. This I shall do presently; but I may as well at once say that I shall not propose to add the amount to the permanent debt of the colony.

THE PUBLIC DEBT.

The gross public debt at the 31st March, 1887, as stated in detail in Table No. 3 appended to my Financial Statement of November last, was £35,741,653. During the year the following reductions in the debt have taken place: Debentures for £300,000 of the New Zealand Loan of 1856, which matured on the 1st January, 1888, have been redeemed by the Trustees of the Sinking Fund of that loan, and have been cancelled and returned to the colony; the debt under "The Consolidated Loan Act, 1867," has been reduced by £42,400 debentures of the "drawing" of 1887 redeemed out of the Sinking Fund. The additions to the debt have been: £69,000 under "The Consolidated Stock Act, 1877," for expenses of conversions; £500,000 borrowed on short-dated debentures under "The North Island Main Trunk Railway Loan Act, 1882;" £7,000 under "The New Zealand State Forests Act, 1885;" £125,000 under "The Government Loans to Local Bodies Act, 1886;" £258,184 under "The Consolidated Stock Act, 1884," for the increases of the sinking funds during the year; and £400,000 under "The Public Revenues Act, 1887 (No. 3)." The debt paid off having amounted to £342,400, and the new debt incurred to £1,359,184, the total gross debt at the 31st March, 1888, was £36,758,437. Deducting the sinking funds accrued, £1,222,056, the net public debt at that date was therefore £35,536,381, as against £34,314,454 at the 31st March, 1887.

It will be observed from the table of the debt appended to this statement that the following loans fall due within the current financial year, viz., £500,000 on the 31st July, temporarily borrowed under "The North Island Main Trunk Railway Loan Act, 1882;" £250,000 on the 1st November under "The Colonial Inscribed Stock Act, 1882;" and £49,500 on the 15th December under "The General Purposes Loan Act, 1873." It will be necessary to obtain the authority of Parliament to renew the two latter loans. In addition to the loans I have named as falling due within the current year, there are £25,000 due on the 1st October, 1888, and £25,000 due on the 1st January, 1889," under "The New Zealand Loan Act, 1856." These two sums will be repaid out of the accumulated Sinking Funds of that loan.

At the "drawing" under "The Consolidated Loan Act, 1867," which took place in London on the 8th March last, bonds to the amount of £172,500 were drawn for redemption; of that amount, £131,600 represents bonds which had been converted into other securities under the Consolidated Stock Acts, which sum has accordingly been paid into the Public Account by the Crown Agents, and in conformity with the law has now been applied to the redemption of debentures issued under "The Consolidated Stock Act, 1884."

There is also a contingent liability, which should, perhaps, be mentioned under the heading "Public Debt," although a very remote one. The Government have guaranteed £47,000, Kaihu Valley Railway 5 per cent. debentures, and also £100,000 of the Greymouth Harbour Board 4 per cent. debentures, and £150,000, Westport Harbour Board 4 per cent. debentures. But the security is, in each case, I believe, ample to insure the Government in any event from loss.

PUBLIC WORKS FUND.

Honourable members will recollect that, in consequence of the earmarking of the North Island Main Trunk Railway Loan and the loan authorised in 1886 to specific purposes, it became necessary to establish three distinct accounts in the Public Works Fund: No. 1 being an account of the balance of the loans raised before 1886, No. 2 the account of the North Island Main Trunk Railway Loan, and No. 3 the account of the loan authorised in 1886.