

PUBLIC DEBT.

The gross public debt on the 31st March last was £55,899,011, showing a total increase for the year of £2,932,572. Of this sum £1,750,000 were raised under the Aid to Public Works and Land Settlement Act of last session, the requirements of the Advances to Settlers Office caused the raising of £450,000 (including £200,000 obtained on short-dated debentures and since paid off), and for the acquisition of land for close settlement we raised a further sum of £338,700.

Grants to local authorities required £278,000 under "The Local Bodies' Loans Act, 1901," and for the purpose of purchasing and managing coal-mines £52,000 had to be borrowed under "The State Coal-mines Act, 1901," £4,232 of New Zealand Consols were inscribed, and £57,500 debentures for accretions of sinking funds were created under "The Consolidated Stock Act, 1884."

The conversion operations for the year were very few, the increase to the debt by conversion being £12,240. On the other hand, a small parcel of debentures (£10,100) under "The Land for Settlements Act, 1897," falling due on the 1st April, 1902, was paid off. Of the increase, at least the following items may be set down as of a directly reproductive character.

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For purchase of land for settlements	338,700
For advances to settlers	450,000
For loans to local bodies	278,000
For New Zealand Consols deposits	4,232
For purchasing and developing State coal-mines	52,000
Total	£1,122,932

During the year £250,000 debentures under "The Land for Settlements Act, 1897," fell due, and were renewed by the proceeds of a sale of a like amount at a small premium above par.

On the 31st March, 1902, the net debt was shown as £51,837,631, and on the 31st March, 1903, the net debt is set down in the Public Debt Table as £53,585,780.

I desire to explain that, in addition to the customary deduction made for sinking funds accrued, I have this year included the accrued sinking fund of the Government Advances to Settlers Act, an item heretofore not shown in the table. I have also further reduced the gross debt by taking off the amount of Government securities in which the New Zealand Consols deposits are invested, as both amounts appear in the table of the public debt. For the same reason I have taken off £500,000 held by the Public Trustee in trust for the payment at maturity of the stock inscribed for the purchase of the preferred shares of the Bank of New Zealand, represented by debentures of like amount issued under "The Aid to Public Works and Land Settlement Act, 1899."

PUBLIC WORKS FUND.

Turning now to the Public Works Fund (the particulars of which will be found in Table 1), honourable members will find that £187,334 came to credit in respect of the loan of the previous year. We also received £750,000, being the proceeds of debentures issued in the colony under "The Aid to Public Works and Land Settlement Act, 1902," besides instalments to the amount of £260,000 on account of the million loan recently raised in London. To these add £200,000, transfer from revenue, together with a small receipt of £1,616, which, with the balance brought forward to begin the year with of £454,059, made a total available ways and means of £1,853,009. Out of these moneys £1,426,264 were spent on railways, roads, and other public works, and £88,180 for charges and expenses of raising loans, leaving a balance to be carried forward to this year of £338,565.

It will be seen from this that the amount received in respect of the new loan has fortunately not been trenched on, and is available for this year's expenditure. The expenditure on railways, roads, and especially public buildings must be curtailed, notwithstanding that our ability to meet interest