

charges is much better than in the years gone by, when much larger sums were borrowed. In the curtailment a discrimination for such works as the North Island Trunk Railway should be made; and in respect to the other railways, roads, and other works the decreased expenditure should be spread evenly throughout the colony.

LAND FOR SETTLEMENTS ACCOUNT.

The account had a balance of £382,692 to start the year with, debentures amounting to £338,700 were created and sold in the colony, £109,820 were received from rents and lease fees, £10,335 from interest on Investment Account, and £846 from miscellaneous receipts. On the other hand, £353,462 were expended in the purchase of estates, and £15,521 in roading, survey, and other expenses, and £93,599 were recouped to the Consolidated Fund in respect of interest paid on debentures issued. A parcel of £260,100 debentures fell due on 1st April, 1903; £10,100 were paid off from cash in hand, and the balance (£250,000) was redeemed from the proceeds of a like amount of new debentures created and sold for £250,625. The balance carried forward to this year was £366,075.

CHEVIOT ESTATE ACCOUNT.

The rents and other receipts amounted to £14,609, which, added to the balance of £16,861 from last year, makes a total of £31,470, of which £9,037 were expended in payment of interest and other charges, leaving a balance of £22,433 at the close of the year.

CONVERSION ACCOUNT.

The transactions of this account during the past year have not been very numerous. £230,040 of 3-per-cent. stock have been inscribed, of which £229,000 were sold and the proceeds used to redeem £52,000 5-per-cent. 1867 debentures, and to pay off the advance of £165,000 obtained on the security of short-dated debentures under "The Aid to Public Works and Land Settlement Act, 1899." A small parcel of 6-per-cent. debentures under Canterbury Loan, 1862, came in for conversion, and £1,040 stock was issued in exchange. Detailed particulars will be found in table appended.

LOANS TO LOCAL BODIES ACCOUNT.

The balance at credit of the Loans to Local Bodies Account on the 31st March, 1902, was £2,770. Debentures for £278,000 were created and issued during the past year, and refunds of unspent balances of grants amounting to £1,836 were received. Payments on account of loans were made during the year—to local bodies £234,870, and towards opening up blocks of land for settlement £18,578, leaving at the end of last year a balance of £29,158 to the credit of the account.

Up to the 31st March last the total amount of debentures created and issued and carried into this account was £2,022,100, and the total disbursements have been—to local bodies, £1,581,898; to Lands and Survey Department towards opening up blocks of land for settlement, £332,913; and to Public Works Fund, £89,800, in exchange for debentures under "The Roads and Bridges Construction Act, 1882."

It will be recognised that the transactions in connection with this account have been considerably increased, the total of payments made to local authorities on account of loans during the past year being the largest since the passing of the Government Loans to Local Bodies Act in 1886.

Applications for loans for the construction of abattoirs under "The Slaughtering and Inspection Act, 1900," and for drainage and sanitary works under "The Public Health Act, 1900," are constantly being received. This is no doubt attributable to the fact that the local authorities are compelled under these Acts to borrow for the purposes above mentioned. These grants, although proving of great benefit in respect of the public health, tend very materially to swell the amount it becomes necessary for the Treasury to borrow in order to provide the loans authorised by these Acts.