

The results of the transactions may be summarised thus:—

Receipts—			
Revenue	...	...	£8,399,075
Sinking fund accretions	...	...	66,000
Other receipts	...	...	13,881
			£8,478,956
Expenditure—			
Permanent charges	...	...	£2,998,170
Annual appropriations	...	...	4,736,806
Sinking fund, war and defence loans	...	...	39,950
			7,774,926
	Excess of receipts over expenditure	...	704,030
Balance, 31st March, 1906	...	...	£788,795
Transferred to Public Works Fund	...	...	775,000
			13,795
Balance, 31st March, 1907	...	...	£717,825

TREASURY BILLS.

Honourable members will be pleased to know that in accordance with a promise made in last year's Budget £150,000 of the outstanding Treasury bills have been paid off, thus reducing our floating loan from £700,000 to £550,000. These bills had been renewed from year to year, and had practically become a permanent debt, and this is the first step taken towards clearing them off. I hope to make further redemptions from time to time until they are all paid off.

SINKING FUNDS.

The proposal made in last year's Budget of establishing new sinking funds in respect of certain loans has been given effect to: £39,950, representing 1 per cent. on £3,995,000, the amount of loans raised for war and defence purposes, and £50,165 at like rate on the amount borrowed for the purpose of acquiring lands for close settlement, have been paid over to the Public Trustee, and by him invested in securities returning 4 per cent. interest.

PUBLIC WORKS FUND.

The balance brought forward to commence the year with was £492,298. Eliminating the transactions connected with renewal of loans which appear on both sides of the account, the fund was augmented by receipts consisting of loan-moneys £1,125,686; premiums received on sales and renewals of debentures, £15,834; transfer from Consolidated Fund revenue, £775,000; other receipts, £1,560: making a total of £2,410,378. On the other hand, the ordinary expenditure was £2,040,319; charges and expenses in respect of loans amounted to £10,659: total expenditure, £2,050,978: thus leaving a balance in the fund at the close of the year of £359,400, which, with the balance of the 1906 loan—£56,400—to receive, gave us available ways and means of £415,800 to start the current year with.

THE CONVERSION ACCOUNT.

During the year £841,966 of 3½-per-cent. stock has been inscribed, of which £241,700 was sold and the proceeds used to redeem £100,000 issued under "The Land for Settlements Consolidation Act, 1900," and £148,800 under the Aid to Public Works Acts, the balance—£600,266—being issued in exchange for debentures which either fell due or came in for conversion. £255,300 was converted at par, £4,200 at £101, and £305,000 at £103, the premium paid requiring additional stock to the amount of £9,966.

Of the 3-per-cent. stock, £86,135 was inscribed—£75,555 for redemption of debentures and £10,580 for expenses of conversion. The public debt is, of course, increased by these conversions; but, on the other hand, a considerable saving in the annual interest-payment is effected, as the Treasury was paying as high as 5 per cent. on £68,000 and 4 per cent. on £730,100 of the debentures dealt with.