

these debentures were carrying a 4-per-cent. rate a considerable saving of interest was effected thereby. £288,000 3½-per-cent. stock was inscribed for the redemption of debentures, and £5,000 issued for expenses.

The particulars given in Table No. 1 concerning the transactions of other accounts speak for themselves, and do not require any further explanation by me.

#### LOANS TO LOCAL BODIES ACCOUNT.

The balance at credit of the Loans to Local Bodies Account on the 31st March, 1907, was £397. Debentures for £185,000 were created and issued during the year, and refunds of unexpended balances of grants amounting to £818 were received. Payments on account of loans made during the past year to local bodies amounted to £136,420, and towards opening up blocks of land for settlement, £38,524, leaving at the end of the year a balance of £11,271 to the credit of the account.

Up to the 31st March last the total proceeds of debentures issued and carried into this account was £2,928,100, and the total disbursements have been £2,916,829, as follows: To local bodies, £2,314,772; to Lands and Survey Department, towards opening up blocks of land for settlement, £512,257; and to Public Works Fund, £89,800 in exchange for debentures under "The Roads and Bridges Construction Act, 1882."

The reduction in the rates of interest on loans granted under the Amendment Act introduced by the Government last session has proved a great boon to the settlers, and has given general satisfaction to the ratepayers of the areas on which it has been necessary to make roads, bridges, and carry out other public works.

The beneficial effects derived by local authorities from the Local Bodies' Loans Acts have been very considerable, and they are to be congratulated on the prompt and punctual manner in which they meet their half-yearly instalments of interest on the loans advanced to them.

#### PUBLIC DEBT.

The gross public debt on the 31st March, 1907, was £64,179,040. On the 31st March last it was £66,453,897, or an increase of £2,274,857.

This may appear to be a very large increase, but so long as the policy to acquire land for close settlement, construction of railways, roads, and bridges, lending to local bodies, and making advances to settlers is approved of by Parliament the public debt of the Dominion must go on increasing, and it must not be forgotten that our assets, many of them direct interest-bearing, proportionately increase. A large portion of this increase of debt is devoted to expenditure of a reproductive character.

Analysing the above figures I find that £864,600 was obtained for public works, £50,000 for improving the Hutt Railway and Road, £65,000 for railway improvements under the Authorisation Act of 1904, and debentures to the amount of £53,476 were issued in respect of the Waikaka Branch Railway, the money in this particular instance being in the first place found by the settlers of the district.

For the purchase of estates we issued debentures, £440,690; for lending moneys to local authorities, £185,000; for making advances to settlers, £550,000; and for advances to workers, £185,000. In addition, £10,000 was obtained for scenery preservation, £214 was inscribed under the New Zealand Consols Act of 1904, and £34,877 was added as the result of conversion transactions; but of this latter amount the Treasury will have about £20,000 at their disposal to devote to further redemption of debentures.

£800,000 was raised under the Reserve Fund Securities Act of last session and used in terms of the Act for the purchase of gilt-edged securities, so that we have an interest-bearing asset for the amount which was given to provide stock under which the financial position of our country in England has been made so strong—a position that must be a source of very great satisfaction to the well-wishers of the Dominion.