

LAND FOR SETTLEMENTS ACCOUNT.

Full particulars connected with the receipts and expenditure within this account will be found in Table No. 1, which is appended hereto, and my colleague the Minister of Lands will supplement this information in his annual report to be laid before Parliament.

THE CONVERSION ACCOUNT

The transactions in this account were not very numerous or large. £324,900 of debentures were converted into 3-per-cent. Inscribed Stock, and £51,330 of debentures were paid off.

NEW ZEALAND CONSOLS ACCOUNT.

The operations in this account during the year were small, only £8,935 being deposited. Probably these restricted operations arose from the better rate of interest obtainable from investments in other Government securities. We may therefore look for larger deposits during the current year, when Government debenture securities are not likely to yield the investor quite as much as they did previously.

THE LOANS TO LOCAL BODIES ACCOUNT.

The transactions within this account have been numerous and large. Local authorities have been anxious to avail themselves of the very low rate at which they can obtain loans for public works, and a glance at the account, as exhibited in Table No. 1 herewith, will show how freely advantage has been taken of the opportunity of obtaining loans at the low rate of $3\frac{1}{2}$ per cent., including sinking fund. The necessity for drainage-works imposed upon local bodies in the interests of public health, and the building of abattoirs, has compelled many local authorities to ask the Government to assist them by loans of cheap money.

Up to the 31st March last the total amount of debentures created and issued and carried into this account was £1,744,100, and the total disbursements have been—to local bodies, £1,347,028; to Lands and Survey Department towards opening up blocks of land for settlement, £314,335; and to Public Works Fund, £89,800, in exchange for debentures under "The Roads and Bridges Construction Act, 1882."

In anticipation of "The Government Loans to Local Bodies Act Amendment Act, 1898," being repealed on the 1st April last, numerous applications for loans of large amounts have been received for the construction of waterworks. This accounts for the amount of grants far exceeding those of any other year since the Government Loans to Local Bodies Acts have been in force.

Applications for loans under "The Public Health Act, 1900," for drainage and sanitary works, and also under "The Slaughtering and Inspection Act, 1900," for construction of abattoirs, are constantly being received. These grants, although proving of great benefit in respect of the public health, tend very materially to swell the amount it becomes necessary to borrow in order to provide loans authorised by these Acts.

I deem it right to mention that, as the applications for loans from the Treasury have now reached such large figures—of late years they have more than doubled—it is quite clear that local authorities must be content with the existing borrowing-powers, and must not ask the Government to increase their facilities for obtaining money grants for local purposes.

The balance at credit of the Loans to Local Bodies Account on the 31st March, 1901, was £27,973. Debentures for £213,200 were created and issued during the past year, and refunds of unspent balances of grants were received amounting to £2,107. Payments on account of loans were made during the year—to local bodies, £208,531, and towards opening up blocks of land for settlement, £31,979—leaving at the end of last year a balance of £2,770 to the credit of the account.