

The balance at credit of the Loans to Local Bodies Account on the 31st March, 1903, was £29,157 14s. 10d. Debentures for £205,000 were created and issued during the past year, and refunds of unexpended balances of grants amounting to £665 3s. 1d. were received. Payments on account of loans were made during the year—to local bodies, £195,652; and towards opening up blocks of land for settlement, £25,753; leaving at end of last year a balance of £13,418 to the credit of the account.

I am gratified to be enabled to report that the payments of the half-yearly instalments of interest on the inscribed debts of the various local authorities continue to be fully and punctually paid.

As the transactions within this account have been both large and numerous, but more especially on account of the present stringency of the money market, it has been deemed expedient to curtail expenditure under the various Acts through which loans to local authorities can be obtained, in consequence of which applications for loans amounting to £26,400 were refused up to the 31st March last, and since that date there have been several more applications which have had to be declined. Doubtless this will cause disappointment to the applicant local bodies, but until the money market is easier it is best to conserve our resources so as to be able to meet the requirements of the most necessitous local authorities who are endeavouring to provide roads in the back blocks, and thus assist our struggling pioneer settlers.

THE HALF-MILLION LOAN OF 1903.

The London market was unfavourable to colonial borrowing except at prohibitive rates, and it was useless to think of placing a loan in that market. I had therefore to endeavour to raise the money required in the colony and Australia. A 4-per-cent. rate was fixed upon, with an alternative currency of five or twenty years at the option of the Government, and on the 25th November, 1903, we invited tenders from Australia as well as this colony for a loan of £500,000 under authority of "The Aid to Public Works and Land Settlement Act, 1903." Tenders were to close on the 23rd December, 1903, and the conditions of payment were: a deposit of 5 per cent. on application, 45 per cent. on the 4th January, and 50 per cent. on the 1st February, 1904. Interest commenced to run from the 4th January, 1904.

Fifty-two tenders were received, representing applications amounting to £702,350, and were of the following classes: seven of £100, twelve of £200, one of £250, three of £300, two of £400, eleven of £500, one of £600, one of £800, three of £1,000, one of £1,200, one of £1,700, one of £2,000, one of £7,500, two of £25,000, one of £50,000, two of £100,000, one of £175,000, and one of £200,000. The minimum price of issue was £100 per cent., and in only one tender was a small premium offered.

It will be seen by the above classification that out of the fifty-two tenders forty-five were for sums ranging between £100 and £7,500, and seven for amounts of £25,000 and over. This, I think, proves that the *bonâ fide* investors and thrifty colonists were anxious to avail themselves of this opportunity of obtaining a remunerative investment.

The deposits of the successful tenders amounted to £23,555 1s. Payment of the first instalment produced £39,435 19s., and of the second £59,899 0s. 3d.; while the first and second instalments paid at the same time amounted to £377,050 10s. 11d. Rebate at the rate of 1½ per cent. per annum was paid to the extent of £125 14s. upon instalments paid in advance. Seven tenders were received from investors in the Australian States. The expenses connected with the issue of this loan of £500,000 amounted to only £2,118 3s., or under ½ per cent.

THE PUBLIC DEBT.

The gross debt on the 31st March, 1903, was £55,899,019, and the net debt £53,585,780. On the 31st March, 1904, the gross and net debts respectively were £57,522,215 and £55,064,328, or an increase of the gross debt by £1,623,196, and of the net debt by £1,478,548.