

missioners of Works for defraying the costs of the purchases, buildings and works specified in the schedule to this Act, whether incurred before or after the passing of this Act.

(2) Any sum so issued may, so far as not immediately required, be invested in such manner as the Treasury direct, and any interest thereon shall be applied for the purposes of this Act.

The Fourth Report, 1903, from the Public Accounts Committee includes the following:

3. Your Committee think it right to call attention to the serious loss which has resulted from the investment by the National Debt Commissioners of the funds issued to them for temporary investment, under the Public Buildings Expenses Act, 1898 . . .

Your Committee would point out that Consols, being liable to fluctuations, are more suitable for permanent than temporary investment, and would invite the Treasury to consider whether in similar cases hereafter such investments should not be made in Treasury Bills or in some other securities in which the capital sum would not be liable to diminution.

The resulting Treasury Minute, dated December 24, 1903, reads:

The Committee draw attention to the loss which has occurred from the investment mainly in Consols of the sum of £2,360,000 which was issued to the National Debt Commissioners under this Act. The Consols were purchased for the most part at the high prices which obtained in 1898 and a part of the year 1899. The subsequent sales of Consols which have been effected from time to time, as money was required for the purposes of the Act, have necessarily been made at a much lower range of prices. Since the date of the Committee's report, parliament has made provision for meeting this loss, an issue having been authorized by the Public Buildings Expenses Act, 1903, of £80,000 being the estimated amount of the net loss from depreciation of securities after allowing for the gain to the Fund from interest on its investments.

My Lords take note of the Committee's view that Consols, owing to their liability to fluctuation, are more suitable for permanent than for temporary investments, and that in the investment of a fund such as the one now in question, Treasury Bills should be preferred, or other securities in which the capital of the fund would not be liable to diminution. My Lords readily agree that, when a definite sum of money has been allocated by Parliament for investment for a particular purpose, every care should be taken that the mode of investment shall be such as to give the utmost possible certainty of the money in its entirety being available as and when required. They desire, however, to point out that up to the time at which the investments for the Public Buildings Act Expenses Fund were made, and for many years before, Consols were regarded as an eminently satisfactory security for this purpose. Consols were preferred for such investments precisely on the ground that they could be bought or sold, in any quantity, and at any time, with a minimum risk of variation in the price. The fluctuations which have marked the price of Consols in recent years had not begun to show themselves in the spring of 1899, nor was it possible then to foresee the rapid fall which was in fact impending.

It has also to be observed that, under present circumstances, if the investment of a similar fund had to be considered, there would be no difficulty in complying with the view of the Committee that short term securities like Treasury Bills should be chosen. There is now a large amount of Government securities of that class in existence, but the great bulk of them have been created since the period at which the buildings fund was invested. At that time there were no securities of the kind except Treasury Bills, and the quantity of those bills had been reduced to the