

RECENT LOAN TRANSACTIONS.

Concerning the raising of the Million Loan for public works purposes, authorised by "The Aid to Public Works and Land Settlement Act, 1905," I may inform honourable members that, after careful consideration of the state of the London money-market, it was decided that it would not be wise to place a loan there at the time it became necessary to augment the Public Works ways and means, more especially as at that juncture valuable offers of assistance were received from prominent brokers and moneyed institutions in Australia. As a result of these offers the Government was able to arrange for the flotation of a 4-per-cent. loan of £500,000 at a premium of £1 15s. per centum.

The following is a copy of the prospectus issued :—

NEW ZEALAND GOVERNMENT LOAN OF £500,000 IN 4-PER CENT. DEBENTURES, DUE 1921.

The loan is issued, being balance of loan of £1,000,000 authorised under "The Aid to Public Works and Land Settlement Act, 1905," for land-settlement, railway-construction, and various public works.

The debentures will bear interest at 4 per cent. per annum, payable half-yearly on 1st January and 1st July.

Principal and interest will be payable in London, Melbourne, Sydney, and Wellington, to be declared in tender.

The first coupon for six months' interest is payable on 1st January, 1907. The bank's receipt showing payment prior to 1st July, 1906, will entitle the holders to interest on their payments at the rate of 4 per cent. per annum from the date of such payment to 1st July, 1906.

Upon all payments made on or subsequently to the 1st July, 1906, accepted tenders must rebate the proportional accrued interest represented in the coupon.

Tenders will be received by the Bank of New Zealand, in Melbourne and Sydney, up to 15th February, 1906, accompanied by a deposit in cash or by a bank-cheque equal to 10 per cent. of the face value of the debentures applied for, and, if the tender be accepted, balance must be paid on or before 31st August, 1906.

Holders of debentures, principal and interest payable in London, have the option at any time during the currency of the debentures of converting into 3½-per-cent. Inscribed Stock, *pari passu* with that quoted on the London Stock Exchange and due 1940 in London, at the rate of £103 of 3½-per-cent. Inscribed Stock for every £100 debenture; and Government have option of converting in July, 1911, those payable in London on giving six months' notice.

The debentures will be issued in denominations of £100, £500, and 1,000, and applicants must state in their tenders the number and value of the debentures they desire to receive.

No tender below £101 15s. per £100 will be entertained.

Tenders of the highest premium have preference, and to tenders of even rates debentures will be allotted proportionately to the applications. Tenders at a price including a fraction of a shilling other than sixpence will not be preferentially accepted in respect of such fraction.

Failure to pay the balance on the final date will cause the deposit of 10 per cent. to be forfeited.

Members of recognised stock exchanges of Australasia will be allowed brokerage of ½ per cent. upon their accepted tenders.

For further information or particulars apply to Fred. Thronemann and Co. or Bank of New Zealand.

Upon opening the tenders it was found that £814,300 had been tendered for by the public. The average price of the accepted tenders was £101 16s. 11d. per centum; and, as the cost of flotation was only £1 15s. per centum, there remains a yield of something over par. I think our venture in the Australian money-market may be considered a pronounced success, more especially as one of the State Governments issued a 3½-per-cent. loan of £1,600,000 at £97 about the same time, but which cost them £4 2s. 10d. per centum per annum. With regard to the balance of the Million Loan, an offer of £500,000 at 4 per cent. at par was accepted without commission or other charges—currency to 1st July, 1916.

A considerable business has been done in over-counter sales of 4-per-cent. debentures at par, and these sales have enabled us to supply funds for the purchase of lands for closer settlement and for Maori-land settlement purposes. The sales have been gradual, and very plainly indicate that our thrifty and successful colonists look on these securities as a satisfactory means of investment of their savings.

Our 4-per-cents presented an attractive investment to our friends in the Australian States, and I, therefore, am now asking and have obtained a premium of £2 per cent. upon all sales, whether in Australia or in this colony; but I do not anticipate doing much business in New Zealand at the premium quoted. I