

1910.  
NEW ZEALAND.

# CONVERSION OF £500,000 GUARANTEED DEBENTURES, DUE 1915

(RETURN RELATIVE TO).

*Laid on the Table by Leave of the House.*

THE net result of the conversion may be stated thus:—

The public debt was increased,—				£	
3½-per-cent. new inscribed stock	...	...	...	616,000	
Guaranteed debentures converted	...	...	...	500,000	
				<hr/>	116,000
Less sinking-fund debentures redeemed	...	...	...	...	96,371
				<hr/>	<hr/>
Net increase	...	...	...	...	£19,629
				<hr/>	<hr/>
Annual charge for interest lessened,—					
Original charge—				£	
4 per cent. on £500,000	...	...	20,000		
4½ per cent. on £96,371	...	...	4,337		
			<hr/>	24,337	
New charge—					
3½ per cent. on £616,000	...	...	...	21,560	
				<hr/>	
Decrease	...	...	...	...	2,777
				<hr/>	<hr/>
Annual charge for management increased,—					
£500 per million on £616,000	...	...	...	308	
Less ¼ per cent. commission on payment of					
£20,000 interest	...	...	...	50	
				<hr/>	258
				<hr/>	<hr/>
Net decrease	...	...	...	...	£2,519
				<hr/>	<hr/>

Consequent upon the conversion, the accumulated sinking funds of the guaranteed £500,000 were released, the amount realized being as under:—

4 per cent. stock, £236,191 5s. 5d., sold for	...	...	£	s.	d.
3½ per cent. stock, £10,052 12s. 11d., sold for	...	...	247,413	7	11
Interest on securities received	...	...	9,700	4	0
			<hr/>	2,959	10 6
			<hr/>	<hr/>	<hr/>
Amount realized	...	...	260,073	2	5
Less applied to redemption of sinking-fund debentures	...	...	96,371	0	0
			<hr/>	<hr/>	<hr/>
			<hr/>	£163,702	2 5
			<hr/>	<hr/>	<hr/>

Practically this £163,702 represents a new loan for the Public Works Fund, and it may be assumed that there would have to be paid something like the following if it were necessary to go upon the London market for the money:—

To provide £163,702 of cash plus expenses of raising, it would have been necessary to have created and sold—

	£	£
£173,000 stock at 96 ... ..	...	166,080
Interest at $3\frac{1}{2}$ per cent. on £173,000 ... ..	6,055	
Management at £500 per million ... ..	86	
	<hr/>	
Annual charge ... ..	...	<u>£6,141</u>

This gives a saving of upwards of £2,700 of annual charge for interest; so that the difference between the conversion operation and obtaining a new loan may be set down as effecting a saving of £8,700 per annum.

J. W. POYNTON,  
Secretary to the Treasury.

R. B. VINCENT,  
Accountant to the Treasury.

The Treasury, Wellington, 23rd August, 1910.

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