

Sixthly.—Have New Zealand stocks upon London money-market been in any way depreciated as outcome flotation five-million loan?

Reply.—As the result of issue there has been little or no depreciation of the form of issue whereby stock need not be created in excess of demand protected us in that respect. Just previous to the issue price ruled about 98½. Price to-day about 97. But it would be well to remember that during this period there had been adverse fluctuations in British Government securities ranging from 2 per cent. to 3 per cent. British Consols, New South Wales, Queensland, and Tasmania 3½ have dropped one to two points since November.

Seventhly.—Is it or is it not fact that large portion loan was taken by investors to hold as investors' stock?

Reply.—It is a fact that very large amount underwriting arranged by bonds as investment, and are doing so. Recent years policy bankers and others been take this class security in preference to stocks long currency.

Eighthly.—Prior to flotation loans, would publicity of intention to do so be injurious or otherwise to Dominion?

Reply.—In large financial arrangements city any public discussion in advance would be detrimental to affect negotiation. Among other reasons is following: In accepting new liability for city houses often find it will be necessary and profitable to reduce in another direction. Without secrecy this would be often impossible.

It will therefore be seen that the underwriters held large portions of all these countries' loans, and New Zealand secured a higher price than any of them, even those paying a higher rate of interest than we did.

RAILWAY-CONSTRUCTION.

The expenditure during the year on railway-construction and improvement amounted to over one million pounds.

The year has witnessed the steady prosecution of new railway-construction in various localities. The completion of the main arterial lines is a principal objective, and the chief efforts in the way of construction have again been directed to this end. The Commission set up during the recess to consider the comparative merits of rival suggested routes for the main line north of Auckland has completed its investigation, and submitted a unanimous report recommending the adoption of what is known as the western route to Mangakahia and thence to a point near Kaikohe. Construction-work on this and other main lines has been vigorously pushed on during the year.

Much remains to be accomplished before the system of arterial railways necessary to provide adequate transport facilities for the producers now on the land and to meet the needs of our ever-extending settlement can be said to be complete; but the Government is endeavouring, by the prudent expenditure of the funds at its command, to gradually extend the system so as to provide the necessary convenience to the settlers without sacrificing its value as a revenue-producing enterprise. Some further lines of branch railways are necessary, and fresh authorizations will be asked for this session.

ROADS.

The expenditure during the year on the formation of roads and tracks and the erection of bridges, to provide means of access to comparatively new settlements was hardly so heavy as was anticipated, principally owing to a dearth of labour during the summer months, when road-construction in the more remote districts can best be pushed on. The services of the County Councils and Road Boards throughout the Dominion have again been utilized to carry out the larger part of the expenditure under subsidy or grant, and in cases where the local bodies were unable or unwilling to undertake or supervise the works the Government's own staff was intrusted with the expenditure. Some minor difficulties were encountered when the system was initiated, but these are gradually being overcome, and it is probable that the local bodies will, during the current year, be intrusted with the expenditure of an increased proportion of the votes available for roadworks. In many cases the settlers concerned have displayed a commendable willingness to rate their lands for loans to be expended on road-improvement, and in most instances of this kind the Go-