

[COPY.]

(No. 6019.)

Westminster Chambers, 13 Victoria Street, London S.W.,
8th December, 1911.

SIR,—

Referring to my letters of the 24th November and 1st December, Nos. 5786 and 5857 respectively, I now have the honour to transmit herewith the Loan Agents' account for the £5,000,000 loan raised under the Naval Defence Act, 1909, the New Zealand State-guaranteed Advances Act, 1909, and Amendment Act, 1910, the Aid to Public Works and Land Settlement Act, 1910, and the New Zealand Loans Act, 1908.

The full amount authorized to be raised has been effected by the sale of £191,286 15s. 6d. $3\frac{1}{2}$ -per-cent. stock in addition to the £5,000,000 $3\frac{1}{2}$ -per-cent. debentures under the loan prospectus, making a total of £5,191,286 15s. 6d. debentures and stock issued. The total receipts amounted to £5,111,816 4s. 9d., and the expenses to £111,816 4s. 9d., leaving the net proceeds of £5,000,000 as authorized.

Without taking into consideration the increased indebtedness caused by conversions into stock of the scrip and debentures issued under the loan, and which are still proceeding, or of any expenses incurred in the Dominion, the net result of the loan is £96 6s. $3\frac{1}{2}$ d. per £100 debenture or stock issued. I may add, however, that under the loan prospectus those applicants who paid up in full and converted their allotments into stock before the 1st December, 1910, received a full *six months' interest*, equivalent to five months' *unearned interest*. This interest, amounting to £24,567 11s. on £1,684,632 stock, is, however, paid with the other $3\frac{1}{2}$ -per-cent. stock interest, and does not appear in the Loan Account. It is not, therefore, taken into account in arriving at the net result. If, however, it is considered as a loan expense, it would reduce the net return to £95 16s. $10\frac{1}{2}$ d., and a further sale of stock or debentures would also be required to bring the net loan proceeds to the amount authorized—viz., £5,000,000.

I may add that the amount of stock sold on the 29th November was beyond the loan requirements, and a transfer will therefore require to be made from the Loan Account to the Conversion Account of £696 5s. 9d., proceeds of the £713 4s. 6d. $3\frac{1}{2}$ -per-cent. stock not required. This is shown in the Loan Account attached. My cable of the 29th ultimo advised you that the whole of the £142,000 stock was sold on Loan Account, but from the foregoing you will see that this is not so, though at the time I was under the impression that a small further sale of stock on Loan Account would be necessary.

The balances of loan-moneys were paid to the Public Account as follows: £669 10s. 10d. on the 4th instant, and £6 4s. 11d. on the 7th instant.

I have, &c.,

The Hon. the Minister of Finance, Wellington, N.Z.

(Signed.) WM. HALL-JONES.

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