

Details of the terms of loans and of the cost of raising loans will be found in parliamentary paper B.-18c.

A prospectus of the recent £4,500,000 loan will be laid on the table of the House.

It is evident that we have had of late to pay a higher rate of interest for our loans, and that there is little prospect of the interest-rate falling in the immediate future.

A remarkable indication of the increasing value of money is afforded by the rate obtained for new capital issues in London during 1911. This amounted to about £192,000,000. The average rate of interest payable on the amount of over £128,000,000 invested in bonds and debentures was £4 12s. per cent., and the interest on over £20,000,000 of preference stock and shares was £5 15s. per cent. It is therefore reasonable to assume that the rate of interest on our future loans will rise.

PUBLIC DEBT EXTINCTION.

The period fixed for the extinction of all our loans is seventy-five years; the annual contributions to the sinking fund are to be paid out of the Consolidated Revenue, and the accumulated moneys, until they are required for the repayment of the public loans, are to be invested in loans to settlers and workers, and to local authorities. Last year, for investment on account of public debt extinction, there was paid over by the Treasury to the Superintendent of the Advances Office an amount of £144,885; for the current year the amount will be £149,343. Although this amount is large—and it will grow larger as our obligations grow—the burden is a necessary consequence of our resolution to provide for the repayment of all our debts. The burden thus imposed, however, upon the Consolidated Fund will scarcely be felt, as it involves only a slight addition to what was paid out of the Consolidated Fund before the passing of the Public Debt Extinction Act, 1910. Previously the Treasury paid over to the Public Trustee the amounts required each year as contributions to the sinking funds for the liquidation of the war and defence loans and for the repayment of the moneys raised for loans to local bodies. By the terms of the Act these payments ceased on the 28th September, 1910, when the total accumulations of the sinking funds in the hands of the Public Trustee amounted to £992,292. The interest thereon which, under the Public Debt Extinction Act, 1910, is to be paid into the Consolidated Fund, was last year £41,689. The amounts paid to the Public Trustee for the last complete year in which they were payable were: for the sinking fund for the war and defence loans, £39,950; for the Loans to Local Bodies' Sinking Fund, £52,358. Last year, therefore, the Consolidated Fund profited by the total of the three sums just named—that is, by £133,997; while it had to provide £144,885 for the Public Debt Extinction Fund—that is, the extra contribution to be made by the Consolidated Fund, in addition to what was paid before 1910, was less than £11,000. Moreover, up to the present the cost of administration has been nil. After a few years it will be fair to allow an annual sum out of the interest earned to be paid to the Advances Office for looking after and investing the funds.

ADVANCES TO SETTLERS, WORKERS, AND LOCAL AUTHORITIES.

The amounts of the loans paid over last year by the Advances Office were—

	£
To settlers	2,174,085
To workers	543,840
To local authorities	871,735

The total advanced since the Department began business is—

	£
To settlers	12,722,055
To workers	1,821,605
To local authorities	1,406,195