

The following are the particulars :—

3½ per cent.	£1,000,000	due 1st March, 1928, or 1st March, 1925, or after on giving six months' notice.
4½ „	£7,414,141	due 1st December, 1945, or 1st December, 1925, or after on giving six months' notice.
5 „	£11,100,000	due 1st June, 1947, or 1st June, 1929, or after on giving six months' notice.
5½ „	£9,900,000	due 1st September, 1928.
3½ „	£168,421	Memorandum of security.
5 „	£40,511	„
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		£29,623,073
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The question of placing the debt on an improved basis has engaged my attention for some time past, and I am now pleased to announce that an arrangement satisfactory to New Zealand has been made. It has been decided to fund £27,532,164 on a 6-per-cent. annuity basis, which will have the effect of automatically discharging this sum from the public debt of New Zealand in about thirty-seven years; this leaves aside £2,090,909 State Advances debt redemption as that office has its own provision for sinking fund. The conditions include the concession that the whole or part of the funded debt may be redeemed at any time, thus enabling advantage to be taken of any future reduction in interest rates.

This transaction will relieve the annual permanent charges by £53,000, and there is the further advantage that the portion of the accumulated sinking funds relating to this debt now vested in the Public Trustee under the Finance Act, 1918 (No. 2), will be available for reduction of the public debt.

#### LOANS FALLING DUE.

The loans falling due during the seven years ending with the year 1929 are as follow :—

Year ending 31st March,					London.	Australia.	New Zealand.	Total.
					£	£	£	£
1923	..	..	..	..	55,300	639,450	8,207,606	8,902,356
1924	..	..	..	..	1,747,200	3,300	7,798,365	9,548,865
1925	..	..	..	..	338,100	12,200	11,210,247	11,560,547
1926	..	..	..	..	..	..	15,494,557	15,494,557
1927	..	..	..	..	1,000	735,300	3,606,220	4,342,520
1928	..	..	..	..	1,000,000	100,000	2,578,260	3,678,260
1929	..	..	..	..	9,900,000	..	3,025,310	12,925,310
					13,041,600	1,490,250	51,920,565	66,452,415

In connection with the large amount which matures during the current year I am pleased to state that I have been able to make satisfactory arrangements for redemption or renewal without materially increasing the annual charge for interest.

#### TRUSTEE INVESTMENT IN GOVERNMENT SECURITIES.

It has been represented that the legislation of certain Australian States does not permit of investment of trust funds in New Zealand Government securities, whilst, on the other hand, the New Zealand Trustee Act legalizes investments by New Zealand trustees in Commonwealth or Australian State stocks. I am therefore endeavouring to obtain reciprocal arrangements which should assist in maintaining the balance between the Commonwealth and the Dominion, whose financial interests are closely related.