

## 1922 LOAN.

The promotion and active operation of public works in the past year called for unremitting attention to our financial resources. The necessity for keeping our works going so as to ensure as much employment as possible when in other directions staffs were being reduced became a national duty, and the fact that we were able to finance the year and maintain the high expenditure of £5,286,687 on public works speaks for the efforts made by the Government to carry on through a difficult period. Towards the end of the financial year our requirements could be met only by using our Treasury bill powers, selling securities, or borrowing outright. I recognized, however, that the postponement of borrowing until after the close of the year would enhance our prospects of better terms, on what I anticipated would be an improved market, and I therefore used the expedient of Treasury bills, the sale of British war-loan stock, and the transfer of cash from Ordinary Revenue to Public Works Fund, in order to avoid London borrowing. The result has, I am pleased to state, quite justified my action. If I had borrowed two or three months earlier the permanent annual charges would have been increased for the term of the loan by about £26,000, which over twenty-three years represents an amount of £598,000.

In April inquiries went to show that, as I expected, the prospects of floating a loan were much improved and I was able to authorize the issue of £5,000,000 at par—rate, 5 per cent.; term, 1935/45, repayable on 1st July, 1945, with option to repay on or after 1st July, 1935, on three months' notice. The issue was a shade above Imperial stock value at that time, thus affording the unusual spectacle of a colonial security rated higher than Imperial stock. The advices to hand at time of writing indicate that the net return was £97 11s. 0½d., after allowing for underwriting, loss of interest, brokers' commissions, &c. The cost with redemption at twenty-three years comes out at £5 3s. 9d. per cent., and without redemption at £5 2s. 6d. per cent. The expenses do not include any charge for compounded stamp duty, it having been considered desirable, in view of the present high rate, to meet the duty as it arises. In this connection, however, I am pleased to state that my representations in regard to Imperial stamp duty on Dominion loans have since resulted in a reduction in rates by the Home Government. The exclusion of the last loan from the then high rates will therefore mean a considerable economy which, together with the reduced underwriters' commission, will amount to not less than £25,000.

The loan, which was oversubscribed, was most favourably commented upon by the British Press, and is a further testimony to the credit of the Dominion and to the satisfactory service we receive from our London representatives. This is the more marked when it is considered that subsequent colonial issues have not been absorbed on as favourable terms.

## NEW ZEALAND CONSOLIDATED STOCK (LONDON ISSUE).

Arrangements have been completed, under authority of section 49 of the Finance Act, 1920, for the transfer to the New Zealand registers kept at the Treasury, of New Zealand consolidated stock domiciled in London and registered in the books of the Bank of England. This has relieved stockholders resident in New Zealand from the necessity of drawing their interest in London, where it was subject to heavy deductions for Imperial income-tax and to exchange charges on remittance to New Zealand. When the transfer has been effected, interest and principal become payable in New Zealand. Up to the present, transfers of stock amounting to £10,057 have been made. I am at present negotiating for a reduction in bank-management charges in London which will probably result in a considerable saving.

## DEATH DUTIES STOCK REDEMPTION.

Inscribed stock amounting in the aggregate to £1,848,200 was issued under the authority of the War Loans (£1,524,630) and Discharged Soldiers Settlement (£323,570) Acts, with the condition that in the event of the death of the holder it