

stock tendered for tax-payments, £84,700), and death duties stock redeemed, £107,670—a total gross reduction in free-of-income-tax securities of £4,891,445 for the year.

Purchases of stock at market rates have been made at prices that more than set off the interest charges on the money used for the purpose, so that converted stock means an increase in the assessment of taxable interest.

The total value of these securities issued—viz., £51,733,405—has therefore been reduced considerably, the balance outstanding at the 31st March, 1923, amounting to approximately £44,000,000, and it is hoped to effect a further reduction.

#### NEW ZEALAND INSCRIBED STOCK DOMICILED IN LONDON.

I have completed negotiations for a reduction in the charges made by the Bank of England for the management of New Zealand inscribed stock registered in the books of the bank in London. This matter has been under consideration since 1913–14, but owing to the outbreak of war the proceedings were necessarily deferred. The bank has reduced its charges from £350 per million of stock inscribed to £300 per million, with effect from 1913, and has refunded £30,676; but against this there is a claim for no less than £14,383 by way of Imperial income-tax which I am endeavouring to have remitted. The bank's charges for issuing new loans have also been reduced from 5s. per cent. to 2s. 6d. per cent.

The charge of £300 per million in London compares unfavourably with the cost in the New Zealand Treasury of managing stock inscribed in New Zealand, which is about £140 per million. The charges of some of the private banks in London are as low as £150 per million. I am going into the question, however, and hope to make such arrangements as will effect a further reduction.

#### 1923 LOAN.

In order to maintain capital expenditure at the necessary standard a loan of £3,000,000 for public works was raised in London. In addition £1,000,000 has been borrowed for redemption in part of loans maturing in London, making a total issue of £4,000,000.

This loan was floated in May and issued at £92, rate 4 per cent., and was well received, being oversubscribed, the lists closing three days before the time specified. The loan runs to 1943 with the option for redemption ten years earlier, and the flat rate is therefore £4 6s. 11d. per cent., or if not redeemed until 1943 the cost is £4 12s. 7d. per cent. As illustrating the excellent terms to the Dominion on this issue the following comparison of recent loans is given :—

Date.	Borrower.	Amount of Loan.	Rate per Cent.	Date maturing.	Issued at	Return per Cent.
		£			£ s. d.	£ s. d.
Jan. 23	New South Wales ..	4,000,000	5	1932–42	98 10 0	5 2 6
Feb. 6	South Australia ..	2,000,000	5	1932–42	99 0 0	5 1 8
Feb. 23	Victoria ..	5,000,000	5	1932–42	99 10 0	5 0 10
Mar. 24	British Government ..	15,000,000	4	1931–33	94 10 0	4 14 3
April 20	New South Wales ..	6,000,000	4½	1935–45	94 0 0	4 19 3
May 7	New Zealand Government	4,000,000	4	1933–43	92 0 0	4 12 7
May 11	Indian Government ..	20,000,000	4½	1950–55	90 0 0	5 2 11

I had the option of accepting the rate of £98 at 4½ per cent., but in view of the desirability of establishing a 4-per-cent. basis decided to adopt that rate, which works out slightly to our advantage in interest charges. The judgment exercised in deciding the date of issue on the advice tendered to me is well justified by the results, as within a few days the market hardened, an Indian loan at 4½ per cent. bringing only £90. The success of the issue was most favourably commented upon by London financial critics, who expressed their appreciation of the sound position of our finance. The terms of the loan are considered to have initiated an improvement for colonial loans in general, and to further exemplify the fact that the credit of New Zealand stands high in the financial world.