

1922.
NEW ZEALAND.

£5,000,000 LOAN OF 1921

(PARTICULARS OF THE CHARGES AND EXPENSES IN CONNECTION WITH THE
RAISING OF THE).

Laid on the Table of the House of Representatives by Leave.

[EXTRACT.]

SIR,—
New Zealand Government Offices,
415 Strand, London W.C. 2, 16th November, 1921.
I have the honour to transmit herewith the Loan Agents' Account for the £5,000,000 6-per-cent. Stock 1936-51 Loan issued in June last, and required under the following Acts, viz.:—
£1,000,000 under the Railways Improvement Authorization Act, 1914, section 4;
£1,000,000 under the Electric-power Works Loan Act, 1919, section 2;
£750,000 under the Finance Act, 1920, section 15, for electric-power purposes;
£2,250,000 under the Finance Act, 1921, Part III, section 10, for public works.

The net proceeds of the public issue amounted to £4,618,192 17s. 4d., made up of sums credited to the Public Account at various dates.

In conformity with section 8 of the New Zealand Loans Act, 1908, it was requisite to dispose of further parcels of 6-per-cent. stock to cover loan expenses, in order to bring the net proceeds up to the full amount authorized—viz., £5,000,000. These subsequent sales on Loan Account amounted to £384,692 6s. 6d., the stock being disposed of at £99 $\frac{1}{4}$ per cent., and the gross proceeds—£381,807 2s. 8d.—credited to the Public Account, . . . and making, with the net proceeds of the public loan, the full sum of £5,000,000 authorized.

	£	s.	d.
The gross loan receipts amounted to	5,181,848	4	6
and the expenses to	181,848	4	6
Leaving amount authorized and credited to the Public Account	5,000,000	0	0
Whilst the securities represented thereby amounted to the nominal value of	£5,384,692	6	6

Included in the expenses is a sum of £10,010 2s. 2d. for discounts on prepayments, but it is considered that this item should not be included as an expense for the purpose of ascertaining the cost of the loan, the Government having the use of the money before it was due, and earning interest thereon. In computing, therefore, the net return to the Government this sum has been excluded, as well as the small loss on the first six months' interest and any loan expenses, excluding cables, which may have been incurred in New Zealand. On this basis the net return to the Government is £93 0s. 7d. per cent., whilst the net cost, with redemption in 1951 (thirty years), works out at £6 10s. 6 $\frac{1}{2}$ d. per cent., and interest, without redemption, £6 9s. per cent.

As, however, the public and private sales differ both in price and expenses, it may be desirable to quote the separate figures in each case, taking into account the loss incurred on the first six months' interest in order to arrive at the true cost to the Government:—

	£	s.	d.
(1.) On the £5,000,000 public loan the net return is	92	11	2
Interest with redemption, 1951 (thirty years)	6	11	4 per cent.
Interest without redemption, 1951 (thirty years)	6	9	8 „
(2.) On the £384,692 6s. 6d. 6-per-cent. stock sold after the public-loan issue to complete sum authorized the net return is	96	15	8
Interest with redemption, 1951 (thirty years)	6	4	9 per cent.
Interest without redemption, 1951 (thirty years)	6	4	0 „

Averaging these two returns, the net return on the total loan is £92 17s. 2d., which is equivalent to interest with redemption in 1951 (thirty years) of £6 10s. 10d. per cent., or interest only, £6 9s. 3d. per cent.

I have, &c.,
J. ALLEN.

The Right Hon. the Minister of Finance, Wellington.

LOAN AGENTS' ACCOUNT FOR THE £5,000,000 6-PER-CENT. STOCK LOAN, 1936-51.

(Issued June, 1921.)

THE Loan Agents appointed under the New Zealand Loans Act, 1908, and the authorizing Acts, viz.—
 The Electric-power Works Loan Act, 1919, section 2 }
 The Railways Improvement Authorization Act, 1914, section 4 } £1,000,000
 The Finance Act, 1920, section 15, for electric-power purposes } £5,000,000
 The Finance Act, 1921, Part III, section 10, for public works } £2,250,000
 The Finance Act, 1921, Part III, section 10, for public works } £2,250,000

B.—18.

IN ACCOUNT WITH THE NEW ZEALAND GOVERNMENT.							
1921.				£	s.	d.	£ s. d.
July 4 to Sept. 28	To Bank of England— Cash received for £5,000,000 New Zealand Government 6-per-cent. stock issued at £96	..	..	4,800,000	0	0	..
	Interest on overdue instalments	..	..	41	1	10	..
Sept. 15.	J. and A. Scrimgeour— Cash proceeds sale of £193,000 6-per-cent. stock, 1936-51, at £99½	..	..	191,552	10	0	191,552 10 0
Oct. 7.	Cash proceeds sale of £50,000 ditto	..	..	49,625	0	0	49,625 0 0
Oct. 11.	Cash proceeds sale of £50,000 ditto	..	..	49,625	0	0	49,625 0 0
Oct. 17.	Cash proceeds sale of £93,000 ditto	..	..	92,302	10	0	92,302 10 0
	Less £1,307 13s. 6d. for Conversion Account	..	..	1,297	17	4	..
	Balance of £91,692 6s. 6d. stock for Loan Account	..	..	91,004	12	8	91,004 12 8
	count at £99½	..	..	..	..	..	381,807 2 8
June 29 to Sept. 28.	Net amount as authorized	..	..	..	..	..	5,000,000 0 0
	Payments made through Bank of England— Commission to brokers and others at ¼ per cent. on £4,682,900	..	..	11,707	5	0	11,707 5 0
	Advertising expenses	..	..	3,737	7	8	3,737 7 8
	Stamps on allotment letters, scrip, and postage	..	..	391	18	6	391 18 6
	Discounts allowed on prepayments in full	..	..	10,010	2	2	10,010 2 2
	Bank of England ¼-per-cent. charge for issuing loan	..	..	12,500	0	0	12,500 0 0
July 4 to Nov. 9.	Payments made direct by Loan Agents— J. and A. Scrimgeour— 1½ per cent. underwriters' commission	..	..	62,500	0	0	62,500 0 0
	¼ per cent. brokerage thereon	..	..	12,500	0	0	12,500 0 0
	Bank of England— Composition for stamp duty on £5,000,000 stock at 2½s. per cent.	..	..	62,500	0	0	62,500 0 0
	Composition for stamp duty on £384,692 6s. 6d. 6-per-cent. stock sold for loan expenses	..	..	4,808	13	1	4,808 13 1
	J. and A. Scrimgeour— ¼ per cent. brokerage on sale of £384,692 6s. 6d. 6-per-cent. stock and contract stamp	..	..	962	14	7	962 14 7
	Mackrell and Co.—Legal charges	..	..	188	4	0	188 4 0
	Public Account—Loan cables	..	..	36	19	6	36 19 6
	British Australasian—Advertising loan	..	..	5	0	0	5 0 0
		..	..	143,501	11	2	143,501 11 2
		£5,181,848	4	6	£5,181,848 4 6

J. ALLEN,
 T. E. DONNE,
 G. F. CORUS, } Loan Agents.

9th November, 1921

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