

FREE-OF-INCOME-TAX SECURITIES.

The reduction of the amount of free-of-income-tax securities outstanding is proceeding steadily. The conversion scheme inaugurated in September, 1922, by which the public were afforded an opportunity of converting free-of-tax securities into inscribed stock (not free of tax) has been availed of to the extent of £3,096,150. This sum, together with renewals and redemptions, has accounted for a reduction of £12,027,106 in the volume of free-of-income-tax securities, leaving the total outstanding at the 31st March, 1925, at £39,706,299.

Free-of-income-tax securities.

1925 LOAN.

In April last inquiries were instituted as to the raising of a loan on the London market for Public Works and State Advances purposes, the commitments of the latter office requiring early attention.

1925 loan.

The total amount was fixed at £7,000,000, the allocation of which is :—

Public works (including railway construction and additions and telegraph extension)	£ 3,500,000
Electric supply	500,000
Railway improvement authorization	500,000
Main highways	500,000
State Advances—	
Settlers	1,000,000
Workers	1,000,000

The market conditions generally were not as easy as twelve months previously, and it was decided to offer the issue at the same rate (4½ per cent.) as the last loan, but at £94 10s.—that is a discount of 10s. per cent. compared with the 1924 issue. These terms were accepted by the underwriters, and the loan was issued to the public on the 11th May. The result was that investors relieved the underwriters of approximately £1,000,000 only, leaving them with 85 per cent. of the total.

The unsettlement of finance and trade on account of the important change in respect to the gold standard adopted by the Imperial Government on the 28th April had, temporarily at all events, restricted investment. Issues immediately following the New Zealand loan had similar experiences, such as the London County Council £6,000,000 at the same price, when the underwriters were left with 75 per cent. New South Wales issued a £6,500,000 loan at 5 per cent., price £98 10s., the interest yield offered to investors being more attractive, equal to £5 1s. 6d., compared with our offer of £4 15s. 3d. It is clear that the reluctance of investors to relieve the underwriters betokened no lowering of the Dominion's high credit, and it is of interest to note that the latest quotation for the loan is at a discount of 5s. compared with a discount of £1 2s. 6d. after issue.

I give a comparative table of subsequent issues compared with our loan.

LOANS RECENTLY RAISED ON LONDON MARKET.

Loans recently raised on London market.

Floated by	Date of Loan.	Amount.	Price of Issue.	Rate of Interest.	Term in Years.	Return to Investors.		Percentage taken by Underwriters.
						Interest only.	With Redemption Twenty-year Period.	
		£	£ s.	Per Cent.		£ s. d.	£ s. d.	Per Cent.
New Zealand Govt. ..	May 13	7,000,000	94 10	4½	20	4 15 3	4 18 9	85
London County Council ..	May 15	6,000,000	94 10	4½	20/60	4 15 3	4 18 9	75
N.S. Wales Govt. ..	May 22	6,500,000	98 10	5	20/40	5 1 6	5 2 5	68

I might add that the British Press again referred in complimentary terms to the full and satisfactory information regarding the Dominion's finances as set out in the loan prospectus.

RESUMPTION OF GOLD STANDARD.

As announced by the Imperial authorities, the embargo on the free movement of gold was removed as from the 1st May last, a change of great importance to

Resumption of gold standard.