Against the Public Debt of New Zealand must be set assets valued at approximately £309,000,000. Of these assets £268,000,000 are directly interest bearing and productive—*e.g.*, Railways, Telephones and Telegraphs, Hydro-electric Development, Advances to Settlers and Workers, Crown Lands, Sinking Funds, &c., and the remaining £41,000,000 are indirectly productive, such as Roads, Public Buildings, &c.

The Repayment of the Public Debt Act passed by the New Zealand Parliament in 1925 substituted for the long-term Sinking Fund system a method whereby the Dominion's Debt reduction resources are now made available to purchase New Zealand Government securities on the open market for cancellation or to pay them off at maturity, thereby ensuring an actual reduction in the Public Debt annually. For this purpose there is issued annually out of the Consolidated Fund a sum equal to ½ per cent. of the Debt affected, and to this is added a sum equal to interest at 3½ per cent. per annum on the Debt paid off under this scheme. By this means a portion of the savings in interest on the Debt paid off is applied to further repayments of Debt, so that the Debt reduction resources are increasing year by year. It is estimated that the Debt outstanding at the inception of the scheme will be liquidated over a period of approximately sixty years, while all subsequent Loans will be liquidated within a similar period from the dates of issue; the total Debt so far redeemed under this system is £11,832,000. The Sinking Funds which accrued under previous legislation have been capitalized and will be held intact.

On the 31st March, 1935, approximately 43 per cent. of the total New Zealand Public Debt was domiciled in the Dominion, as against only 17 per cent. in 1914.

The Books of the Stock will be kept at the Bank of England, where all assignments and transfers will be made. Transfers will be free of Stamp Duty.

Interest will be payable half-yearly at the Bank of England on the 1st January and the 1st July. Interest Warrants will be transmitted by post.

Applications, which must be accompanied by a deposit of £5 per cent., will be received at the Bank of England Loans Office, 3 Bank Buildings. Princes Street, London, E.C. 2. In case of partial allotment the balance of the amount paid as deposit will be refunded by cheque. Default in payment by the 1st October, 1935, of the balance due that day will render the deposit liable to forfeiture and the allotment to cancellation.

Applications may be for the whole or any part of the Issue in multiples of £100. No allotment will be made of a less amount than £100 of Stock.

Scrip Certificates to Bearer will be issued on or after the 16th July, 1935, in exchange for the Allotment Letters. These Certificates, when fully paid, may be lodged for inscription forthwith.

NEW ZEALAND GOVERNMENT £5 PER CENT. INSCRIBED STOCK, 1935–1945.

(Total outstanding, £10,135,800.)

Holders of the above Stock, which will be repaid on the 1st October, 1935, may surrender their holdings in whole or in part and receive therefor New Zealand Government £3 per cent. Inscribed Stock, 1952–1955, at the rate of £100 £3 per cent. Stock for each £100 nominal £5 per cent. Stock surrendered, together with a Cash Payment at the rate of £1 10s. per cent. on the nominal amount of Stock converted. Holders who accept this offer will receive three months' interest payable on the 1st October, 1935, in respect of the £5 per cent. Stock surrendered.

This conversion offer is limited to a total amount of £8,000,000 New Zealand Government £5 per cent. Stock, 1935–1945, and the List of Applications will be closed when this amount of Stock has been surrendered.

Applications for conversion must be made on the special printed forms. Application Forms have already been sent by post to all holders (in the case of a joint account to the first-named holder).

Preferential allotment will be given to holdings which are tendered for conversion as above.

A commission of 5s. per £100 Stock will be paid to Bankers or Stockbrokers on Allotments made in respect of cash or conversion applications bearing their stamp.

Prospectuses and Application Forms may be obtained at the Bank of England Loans Office, 3 Bank Buildings, Princes Street, London, E.C. 2, or at any of the Branches of the Bank of England; of Messrs. Mullens and Co., 13 George Street, London, E.C. 4; at the Bank of New Zealand, 1 Queen Victoria Street, London, E.C. 4; of Messrs. J. and A. Scrimgeour, 3 Lothbury, London, E.C. 2; at any Stock Exchange in the United Kingdom; or at the Office of the High Commissioner for New Zealand, 415 Strand, London, W.C. 2.

The List of Cash Applications will be opened and closed on Monday the 1st July, 1935.

The List of Conversion Applications will be opened forthwith and will be closed on or before Monday, the 8th July, 1935.

Bank of England, London, 28th June, 1935.