

We paid off £40,000 of State coal-mines debentures from the profits of the Coal-mines Account, and redeemed £800,000 of Imperial guaranteed debentures from the accrued sinking fund, as well as £124,000 of consolidated-stock debentures issued against the accretions of the sinking fund of the Immigration and Public Works Loan.

Of the new debt raised no less a sum than £2,360,904 may be set down as being of a directly interest-producing character, as follows:—

For acquirement of lands for settlement	...	...	...	...	£	440,690
For additions to open lines	...	...	...	...		200,000
For loans to local authorities	...	...	...	...		185,000
For advances to settlers	...	...	...	...		550,000
For advances to workers	...	...	...	...		185,000
For investment in gilt-edged securities	...	...	...	...		800,000
For New Zealand Consols deposits	...	...	...	...		214
Total	...	...	...	...	£2,360,904	

leaving £877,953 as issued for general purposes; therefore, if you allow for £964,000 of debt redeemed, no additional burden for interest has been cast on the taxpayers of the country in respect of this year's increase in the public debt.

LOANS MATURED.

During the past year no less a sum than £2,582,900 fell due, and honourable members will be pleased to know that I was able to very satisfactorily arrange for their renewal or payment. Of this large sum £887,600 was renewed, £569,100 was paid off, £196,500 was converted, and £924,000 was redeemed out of the accrued sinking funds, £5,700 is still outstanding.

Owing to the redemption of the £800,000 guaranteed debentures, £124,000 consolidated-stock debentures, and the payment-off of £40,000 State coal-mines debentures an immediate annual saving to the Consolidated Fund, in interest and sinking fund, of £61,740 was effected; as well as a direct saving of £2,000 per annum in interest made by the conversion and redemption of the other debentures, a result which must be highly gratifying to honourable members.

RESERVE FUND SECURITIES.

Honourable members will recollect that last session I obtained authority to issue debentures under the Reserve Fund Securities Act, the proceeds to be invested in gilt-edged securities in London, to form a reserve fund which in times of emergency would be available to meet any unexpected financial contingency that might arise.

The debentures were created and sold at 3½ per cent., and the proceeds were invested through the High Commissioner in the direction indicated by the Act. The operation was a most successful one. I desire to acknowledge the valuable assistance rendered to the Dominion by the Hon. W. P. Reeves in this important matter. The investment consists of first-class marketable securities on which I am quite satisfied advances can easily be obtained in time of financial pressure, so that our position in London is exceptionally strong.

The nominal value of securities purchased is £856,119 13s. 8d., being a gain of £56,119 3s. 8d. in stock which, for the information of honourable members, I may say means that all these securities if held until maturity would return to New Zealand a profit of £56,119 3s. 8d., and in the meantime we receive about £26,631 per annum as interest, or an average of £3 5s. per cent. on the amount invested.

We were fortunate in being able to secure the stocks at from 5 to 15 per cent. below what they would have stood at were the times really good in the stock-market.

CUSTOMS.

The working of the new tariff has been very satisfactory, most of the changes being of such a character as to facilitate the entering of goods at the Customhouse.