

will provide a total of £14,150,000. This is a large sum, but, as it is expected that the war costs will shortly run into over £1,000,000 per month, the amount I have mentioned should not be considered excessive.

PUBLIC WORKS LOANS.

During last session of Parliament authority was granted to the Government to raise a loan of £2,000,000 for public works, and this amount was duly raised without having recourse to the London market. Although the purpose of this loan did not appeal to the patriotic feelings of New-Zealanders in the same degree that it would have done had the money been required for the expenses of the war, the loan nevertheless met with great success and was considerably oversubscribed.

I would especially call attention to the very small cost entailed in raising this loan. The work was performed by the Treasury and Post Office officials, and the total expenses amounted to £5,035, or $\frac{1}{4}$ per cent. only. These expenses consisted solely of brokerage, advertising, and printing. When it is remembered that the cost of raising a loan at par in London amounts to, roughly, $2\frac{1}{2}$ per cent. the saving which has been effected will be fully recognized.

As regards the future, our chief efforts must be exerted in the direction of rendering as much financial aid as it is possible to the prosecution of the war, and until its termination, the utmost economy will be exercised in the prosecution of public works, and only those works which are essential will be continued.

I need scarcely remind honourable members that it would be impossible to approach the London market, under existing conditions, for a public-works loan, and I do not think that it would be prudent to float a loan in New Zealand for public-works purposes.

I estimate that there is sufficient money now available for public works to enable us to carry on at a reduced rate of expenditure for some time, but to guard against unforeseen contingencies the House will be asked to grant authority for raising during the year half a million from the Post Office funds. It must be understood, however, that this authority will be merely a precautionary measure.

REDEMPTION AND RENEWALS.

In last year's Budget it was shown that loans amounting to £6,274,953 would require to be met in London before the 31st March, 1916, and I am glad to say that this has been successfully and satisfactorily completed, as follows:—

	£
Redeemed by creation of 4-per-cent. inscribed stock ..	190,499
Redeemed by investments from the Post Office ..	655,801
Investments renewed to the Imperial Treasury ..	5,421,053
Converted under Finance Act, 1915	2,600
Converted into 4-per-cent. inscribed stock (1943/63) ..	5,000
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	£6,274,953
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The loans falling due during the past year in Australia and New Zealand amounted to £3,631,521, and of this sum £410,056 has been redeemed with money provided by the Treasury, £2,806,015 has been renewed for a further term of five years, and £368,100 has been converted into new debentures under the Finance Act, 1915. The balance of £47,350 has not yet been dealt with, as the Treasury has not received advice from the present holders whether they wish to renew or not.