

THE MILLION LOAN UNDER "THE AID TO PUBLIC WORKS AND LAND SETTLEMENT ACT, 1896."

Parliament having empowered the raising of one million to provide the means to assist the development of the country, in order to enable us to carry on certain great works, such as continuing and completing our railway system; constructing the main roads and bridges; developing our goldfields, thermal springs, and our wondrous natural scenery; and for the acquisition and survey of Native lands,—short-dated debentures were issued for £250,000, and were taken up by the Post-Office Savings-Bank in exchange for Treasury bills of equal value. This first issue matures in 1902, interest being at $3\frac{1}{2}$ per cent.

The second issue (£500,000) was made on the 21st December last, in the shape of debentures having an alternative currency (ten or twenty-five years), carrying $3\frac{1}{2}$ per cent. interest. The advantages of raising money within the colony being generally admitted, tenders restricted to New Zealand were called for this issue at a minimum par rate. The amount was covered by the public and monetary institutions at a very small margin above par. This in itself was satisfactory, but the anticipation that a large amount of trust-moneys and savings of the people would be invested in this way was not realised. That the public did not to a larger extent avail themselves of the offer of this class of security may be taken as a proof that they can more usefully invest their spare funds; and if their capital is employed in assisting and promoting local industries, or in developing the resources of the country, exception cannot reasonably be taken thereto. It has been urged that there were circumstances occurring at the time which distracted attention, and that if another opportunity were given the results would be more satisfactory. I do not think it likely, however, that there would be any material alteration, for there are so many opportunities offering for obtaining a larger rate of interest; and, in my opinion, the general public will not largely invest in Government securities when the same rate of interest is obtainable from the banks. At the time the tenders were dealt with, it was claimed that the names of those tendering and the amount tendered for should be disclosed. This has not been the practice in the past, and, nothing having been decided upon this point prior to the calling of tenders, the Government made no change; to have done so without warning might have been construed to be a breach of faith. In London it is the custom to give the amounts for the satisfaction of those tendering, and the committee appointed to deal with tenders of course know the names. In the neighbouring Colony of Victoria the names are given, but, as this is understood beforehand, the real investors are not known, because they get agents to tender for them. The assertion that the Government lending departments had invested in this loan is without foundation; and it was probably with the view of ascertaining whether any such investment had been made that the names of the tenderers were asked for. In respect to investments by the Government departments, it is worth considering whether or not, with our lowest-interest loans above par, the departments should not invest; and in that way we should keep the interest in the colony, and the thrift of the people would at the same time have a secure and profitable outlet.

The £750,000 raised by these two issues has been placed to the credit of the respective accounts, as indicated, and in the proportions authorised by, the Act.

It will be necessary to raise the balance of the loan (£250,000) very shortly, and I am of opinion that the Post Office should take up a portion of the same, particularly seeing that before long the maximum rate on deposits will have to be reduced to 3 per cent., which is the rate ruling at the banks. There is an advantage in the thrift of the people being so invested as to prevent loss, and, should the Treasury be able to save through the Postal Department the brokerage and other charges, it would be well to do so. Of the balance which the department is unable to take up, in all probability we