

of maturing stock, and the Reserve Bank, as underwriter, took up the balance of the conversion loan in July and August, 1948. On the 31st March, 1949, the Reserve Bank's holdings of this conversion loan had been reduced to £(stg.)4,000,000 as the result of sales on the open market, which yielded a net profit of £(stg.)52,949 17s.

(2) 3-PER-CENT. £(STG.)7,000,000 1973-77 CONVERSION LOAN

During the year the Government exercised its option to repay a $3\frac{1}{2}$ -per-cent. £(stg.)7,322,579 loan maturing 1st February, 1949-54. Holders of £(stg.)7,000,000 of this loan were offered conversion into a 3-per-cent. security maturing 1st June, 1973-77. The remainder of the loan was repaid in cash.

This conversion operation, which was underwritten by the Reserve Bank, was most successful, the issue being heavily oversubscribed within a few minutes of the opening of the offer.

MANAGEMENT OF PUBLIC DEBT IN NEW ZEALAND

During the financial year ended the 31st March, 1949, the following Loans domiciled in New Zealand fell due for repayment :—

- (a) $2\frac{1}{2}$ -per-cent. £3,760,535, maturing 15th May, 1948 ;
- (b) 4-per-cent. £3,484,980, maturing 30th November, 1948.

(a) $2\frac{1}{2}$ -PER-CENT. LOAN REPAYABLE 15TH MAY, 1948 (£3,760,535)

This was the short-term issue of the 2nd Liberty War Loan issued October/November, 1942. Trading-bank holdings in the $2\frac{1}{2}$ -per-cent. 15th May, 1948, loan were £2,215,690, and these were repaid in cash. An offer of reinvestment in the " tap " issue of 3-per-cent. 15th July, 1963-65, stock was made to the remaining holders, whose holdings totalled £1,544,845. The total number of holders, including trading banks, was 12,200, of whom 11,295 were repaid in cash, £3,529,160; and 905 holders reinvested to the extent of £231,375 in the " tap " loan.

The relatively small proportion of reinvestments to repayments is probably attributable to the large number of holders in this loan who lent their money for patriotic reasons rather than for long-term investment.

(b) 4-PER-CENT. LOAN REPAYABLE 30TH NOVEMBER, 1948 (£3,484,980)

This was the short-term loan issued in May, 1939, the price of issue being £99 per cent.

The trading banks held £1,942,800, and, in keeping with the Government's policy, this was redeemed in cash, the offer of reinvestment being confined to the balance of the loan (£1,542,180), held by approximately 1,330 holders. Repayments in cash, including trading banks' holdings, were £2,988,635, and reinvestments in the " tap " loan were £496,345.

OVER-COUNTER ISSUES

On the 1st April, 1948, applications in hand for the " tap " issue of 3-per-cent. stock at par maturing 15th July, 1963-65 (opened on the 19th January, 1948), totalled £3,525,240, from 698 holders. Applications were accepted up to the 31st March, 1949, additional receipts up to that date being :—

	Number of Applications.	Amount.
Cash subscriptions	2,255	£20,555,005