in a like amount of debentures under "The Aid to Public Works and Land Settlement Act, 1899," held at the time by the Bank of New Zealand as security for advances made under the said loan. I observe that only two parcels of debentures will have to be provided for during the current year—namely, £250,000 under "The Aid to Public Works and Land Settlement Act, 1896," and £300,000 under the Land for Settlements Acts, 1894 and 1897. The former parcel is held by the Post Office, and can be renewed, and the latter was a London issue convertible into 3-per-cent. inscribed stock.

OUR RECENT £500,000-LOAN FLOTATION.

Our financial advisers in London having reported unfavourably of the state of the money-market, and that a very low figure would be obtained for a 3-per-cent. loan, it was determined to tap our own resources. I am pleased to say the result more than justified this action, as the recent flotation proved a complete success. The amount to be subscribed was £500,000, authorised by "The Aid to Public Works and Land Settlement Act, 1900." It was decided to make the issue at 4 per cent., with the price fixed at par. The loan was freely advertised throughout the colony, and also in Melbourne and Sydney. Tenders were opened on the 23rd April last, and it was found that the amount applied for was £861,300, represented by 126 tenders. The average price offered was £100 1s. 6d., the highest tender over par being at £102, and the lowest £100 0s. 6d. 112 tenders received allotment—62 over par, and 50 at par. The average price over par yielded £100 6s. 7d. The allotment was made so as to embrace the largest number of small tenders and to encourage *bonâ fide* investors. No less than 98 tenders have been accepted for sums of £5,000 and under—namely, 19 tenders for £200 and under, 9 from £200 to £400, 25 from £400 to £600, 5 from £600 to £800, 15 from £800 to £1,000, and 25 from £1,000 to £5,000. The remaining 14 tenders were in sums from £8,000 to £100,000. Australia received 29 allotments, in sums ranging from £200 to £50,000, and, with the exception of one tender, at premiums of from 1s. to 16s. over par. The offer to make interest and principal payable either in Sydney, Melbourne, or London certainly induced offers for investment of moneys which we should otherwise not have received, and the action has been favourably commented on in leading financial journals. No fees for brokerage were paid; the expenses have been very light, rather less than ⅜ per cent., consisting only of advertising, and commission to the bank for transmission of money from Australia to Wellington. An allowance at the rate of 1½ per cent. per annum was made to tenderers who chose to pay their final instalment before the due date. £43,312 was forwarded as a deposit by would-be investors, and of this sum £18,035 was returned to tenderers who were unsuccessful. Sixty-nine investors availed themselves of the discount allowed on payments made in full prior to due date of last instalment, and £345,459 was received under this condition, and £223 was allowed for discount. On the 7th May last, the date of the first instalment, £61,605 was received; and on the date of the last instalment (4th June), £67,949 was paid in to complete the half-million subscribed. To complete the security required by the investors, 1,658 debentures have been printed. The local emission has proved a very great success, and, although the rate is high in comparison with late issues, the expenses have been so small that I think we may consider we have got our money nearly, if not quite, as cheaply as, under present conditions, a 3-per-cent. loan could have been obtained. The currency is short, running only until 1st April, 1904.

COMPARATIVE STATEMENT, 1890–91 TO 1900–1901.

There has been considerable adverse criticism, and assertions have been made to the effect that there has been undue increase in the expenditure during the last ten years. It is quite true that there has been a largely increased expenditure, and that necessarily so, for we have a largely increased population,