

I will now put on record his reply to each of the questions I put to him. I will give the questions and their replies in their sequence, so that they may be more easily understood.

Copy of cable sent to the High Commissioner for New Zealand, dated Wellington, 26th August, 1911, and reply to each question from High Commissioner, dated London, 26th August, 1911:—

Firstly.—It is stated here that flotation five-million loan was a failure because of the fact that large proportion loan was not taken up by public but retained by underwriters. Please state facts in connection with this aspect matter.

Reply.—Statements did not justify describing loan as failure after full experience of other issues and general conditions. Underwriters were not aware that little public response probable. Nearly every important financial institution had an opportunity to underwrite, and not one has been dissatisfied with his bargain of being unable to unload his stock if required. This is true test, and that loan was underwritten on most favourable terms.

Secondly.—Further stated that credit Dominion was such as to account for underwriters having to retain so large proportion of loan.

Reply.—Quite untrue and proved by fact that despite serious depreciation of gilt-edged investments consequent in part on huge capital creations over all world, Government of New Zealand able to place here some £5,000,000 during 1908-9, and further £1,850,000 in April, 1910, nearly all converted to stock by investors by last November. Without highest credit such operations impossible.

Thirdly.—Had amount loan anything to do with underwriters retaining amount they did?

Reply.—With regard to the public response, No. , size of loan necessitated like distribution underwriting, and enabled all important city interests to participate, many doing so for investment. The transaction of securities regarded rather in the nature of a sale to investors.

Fourthly.—Please state any facts in connection with flotation loan that you consider necessary.

Reply.—But for serious political crises owing to breaking down Conference between both Houses of Parliament then sitting, probable that small premium while the list remained open, and as consequence some applications would have been attracted from speculators, who would have immediately sold the loan at a premium. Had the Conference resulted in an agreement, and the same been known before list closed, a considerably different result might have been obtained.

Fifthly.—Should be glad if you would state also how loans raised by other countries immediately prior to and since flotation New Zealand loan have fared, giving dates flotation and name country.

Reply.—Particulars loans issued and percentages underwriters as follows:—

April, 1910		South Australian 3½-per-cents: underwriters 67 per cent.
"	"	 Province of Manitoba 4-per-cents: underwriters 87½ per cent.
May,	"	 Canada 3½-per-cents, £5,000,000: underwriters 78 per cent.; over £2,000,000 was conversion.
"	"	 West Australian 3½-per-cents: underwriters 88½ per cent.
June,	"	 Port Bombay 4-per-cents: underwriters 78 per cent.
"	"	 City Vancouver 4-per-cents: underwriters 80 per cent.
July,	"	 Grand Trunk Pacific 3-per-cents: underwriters 75 per cent.
"	"	 Newfoundland 3½-per-cents: underwriters practically all.
Oct.,	"	 Straits Settlement 3½-per-cents: underwriters 93½ per cent.
Dec.,	"	 Province of Saskatchewan 4-per-cents: underwriters 88 per cent.
Feb., 1911		West Australia 3½-per-cents: underwriters conversion loan.
March,	"	 India 3½-per-cents: underwriters 38 per cent.
"	"	 Port London 3½-per-cents: underwriters 50 per cent.
April,	"	 Vancouver 4-per-cents: underwriters 77 per cent.
"	"	 Queensland 3½-per-cents: underwriters 91 per cent.
June,	"	 Province of Ontario 4-per-cents: underwriters 73 per cent.