

now 500,000 "A" preference shares of £1 each, fully paid up, and 625,000 "B" preference shares of £1 each, fully paid up, or £1,125,000 in all.

The dividend received for the financial year 1919-20 was 10 per cent. on the "A" preference shares, amounting to £50,000, and $17\frac{1}{2}$ per cent. on £250,000 "B" preference shares, amounting to £43,750, which equalled $11\frac{2}{3}$ per cent. on the capital invested. For the financial year 1920-21 the dividend received on the "A" preference shares was the same as that of the previous year, but the dividend on the "B" preference shares amounted to £62,500, being £18,750 in excess of that of the previous year, or $16\frac{2}{3}$ per cent. on the capital invested.

FIVE-MILLION LOAN.

During my recent visit to England I was successful in arranging the flotation of a loan of £5,000,000 at 6 per cent. for public works, electric-supply development, and railways improvements. The principal is repayable at par in 1951, but I reserved the right to redeem the stock at any time after the 1st August, 1936, on giving three calendar months' notice.

The price of issue was £96 per cent. The loss on issue price of £4 per cent., with the loan expenses, estimated at £3 7s. 6d. per cent., makes a net return of £92 12s. 6d., which gives a rate of interest of £6 9s. 6d. per cent., or interest with redemption in fifteen years, £6 16s. 1d., or in thirty years, £6 11s. 3d.

The full amount has been subscribed, and has been allocated in the following proportions: Public works, £2,250,000; electric supply, £1,750,000; railways improvement, £1,000,000.

The loan was so favourably commented upon by the Press that it was somewhat surprising to find that the underwriters were at the time of closing left to find $58\frac{1}{2}$ per cent. It not infrequently happens, however, that investors withhold or withdraw their applications, expecting that the loan will, after closing, be quoted at a discount, in which case they hope to be able to purchase at a lower figure than the issue price. As evidence of the strong position New Zealand holds in the London market, the loan was quoted at a small premium shortly after issue, and some of the stock which was recently sold to cover the charges and expenses of the loan realized £99 $\frac{1}{4}$. If further evidence were needed of the high standing of our credit in London I might mention the great success of the loan recently floated by the Thames Valley Power Board under the guarantee of the Government. This loan was rushed by applicants, and covered several times over.

ECONOMIES IN THE PUBLIC SERVICE.

Prior to leaving for England in April last I arranged with the Public Service Commissioner to set up a Committee of Senior Departmental Officers to go exhaustively into the details of expenditure right through the whole of the Public Service, and I am bound to say excellent work has been done, and many directions have been pointed out where economies can be effected. The work could not have been done so thoroughly, if at all, by men who had not a thorough acquaintance with the ramifications of the different Departments, and I have no hesitation in saying that what has been done will be of immense benefit to the Government in its endeavour to bring the annual expenditure within the revenue. This must be done before any all-round reduction of taxation can take place. I hope before the session comes to an end to be able to report that good progress has been made with the retrenchment which the financial stringency has rendered absolutely necessary. My own impression is that when we get over our present financial difficulty we shall be able to look back and say that this depression which we are now experiencing will not have been an unmixed evil. All the extravagances which may have grown up during the long period of prosperity which we enjoyed will have disappeared, and we shall be able to start with a clean slate, and the country will be all the better and more soundly prosperous for its experience. I know that what is necessary cannot be given effect to without sacrifices on the part of many of our population, but when sacrifices had to be made in days gone by the citizens of New Zealand did not shrink from making them. They rose to the occasion and by