

requirements early in January. Subsequent events have amply justified this decision, and there is no doubt that with the rise of the bank rate, and the general situation that developed in the money-market, a higher price would have had to be paid if we had delayed going on the market until the usual time. As it is, although the capital was not required until this financial year, this fact does not involve the taxpayer in any loss. On the contrary, I have been able to invest the loan proceeds in the short-loan market at an average rate of approximately £5 3s. 9d. per cent. with the most satisfactory result that a profit has been made on these moneys for the period during which they have been held.

In accordance with the authorities under which it was raised, the £7,000,000 loan has been allocated as follows :—

Public Works Fund, for railway-construction, roads,	£
telephone extension, &c.	4,500,000
Hydro-electric-power works	1,000,000
Railways improvement	1,500,000
	£7,000,000

In conjunction with this issue a further conversion offer was made to holders of 4-per-cent. 1929 New Zealand Consolidated Stock, but I will refer to this transaction presently when dealing with the debt operations.

PUBLIC DEBT.

Public debt.

The public debt as at the 31st March, 1929, amounted to £264,191,983, a net increase of £12,795,731, during the financial year.

New loans raised.

Honourable members should understand, however, that this increase included £5,379,105 on account of the £7,000,000 loan to which I have just referred. I must explain that the whole £7,000,000 was not added to the debt as at the 31st March because the last instalment of the loan, was, in terms of the prospectus, not received until the 2nd April. The proceeds of this loan were not drawn upon at all for last year's requirements, so that the loan belongs entirely to this year's finance. The debt increase for this year will, of course, be less by the amount already added to the debt on account of the loan by the 31st March last.

Additions for year.

Apart from the £7,000,000 loan, the aggregate of additions to the debt for the year was £10,650,750, made up as follows :—

Increase from conversion and redemption operations	
in connection with the 4-per-cent. 1929 Con-	
solidated Stock	£ 739,347
Raised for redemption but unused on 31st March last	3,946
New loans for public works, State advances, and	
other developmental activities	9,497,910
Charges and expenses of £5,000,000 loan of 1928 ..	409,547
	£10,650,750

The first two items were wholly raised in London, and of the new loans and expenses £5,409,547 was raised in London, while the balance of £4,497,910 came from the proceeds of local issues.

Of the new capital raised during the year £3,067,910 was for State advances, £200,000 for State forests, and the balance of £6,230,000 for public works, the expenditure on which I have already reviewed. Concerning the 4-per-cent. Consolidated Stock, honourable members will remember that there was £29,490,852 of it falling due in London on the 1st November next. Although it was obvious that renewal of this stock would have to be at a higher rate of interest, it was equally obvious that there would have been considerable risk in leaving the whole amount to be dealt with at maturity. Accordingly £5,000,000 of it was converted into 4½-per-cent. 1947 stock in May, 1928, at the rate of £104½ of the new stock

Conversion operations.