

for £100 of the old stock. This still left over £24,000,000 of the 1929 stock outstanding, so after assuming office I deemed it advisable to make a further offer to holders in January last to convert up to £12,000,000 of the stock into  $4\frac{1}{2}$ -per-cent. 1948–58 stock similar to that issued for the £7,000,000 loan, with which the conversion offer was concurrent. The offer was £104 $\frac{1}{4}$  of the 1948–58 stock for £100 of the 1929 stock, and on these terms, which returned investors £4 15s. 3d. per cent. over the full period of the new stock £11,729,496 of the 1929 stock was converted. The cost to the State of the new stock, allowing for redemption of the conversion premium and other expenses over the period of the loan, is £4 16s. 11d. per cent. This important transaction was successfully carried out, and the terms, in the light of the ruling rates of interest, were very satisfactory.

In addition to the large conversions, £1,104,500 of the 1929 stock was disposed of by subsidiary operations during last financial year. These operations include repayment of £502,500 of the stock out of Public Debt Repayment Account, conversion of an odd amount of £30,000, and redemption of £572,000 out of the proceeds of further sales of 1947 stock.

To sum up the position: £17,833,996 of the 1929 Consolidated Stock has now been cancelled, and further parcels amounting to £382,500 were held by the Treasury, as an investment, awaiting cancellation, so that the total amount held by the public on the 31st March last was £11,274,356. This is a more manageable amount, but I am hopeful of reducing it still further before the maturity date on the 1st November next.

In fact, as local money is relatively plentiful at present, I am raising some of the funds in New Zealand for redemption of this stock, and, including the cancellation of the £382,500 of stock held by the Treasury on 31st March last, have already disposed of some £860,000 of it in this manner. The effect is to transfer so much of the debt to New Zealand, which will be a sound proposition economically.

Including the £502,500 of 1929 stock just referred to, repayments of debt during the year amounted to £3,234,124. This debt was domiciled as follows:—

|                     | £          |
|---------------------|------------|
| New Zealand .. .. . | 2,130,293  |
| Australia .. .. .   | 500        |
| London .. .. .      | 1,103,331  |
|                     | <hr/>      |
|                     | £3,234,124 |
|                     | <hr/>      |

These reductions in debt were effected as follows:—

|                                                               | £          |
|---------------------------------------------------------------|------------|
| Under Repayment of Public Debt Act, 1925 ..                   | 1,046,000  |
| Under Funded Debt Agreement with British Government .. .. .   | 386,224    |
| Out of reparations and war credits ... ..                     | 368,550    |
| From Discharged Soldiers Settlement Account ..                | 680,250    |
| From sundry other accounts .. .. .                            | 733,350    |
| Raised for redemption, 1927–28, and applied this year .. .. . | 19,750     |
|                                                               | <hr/>      |
|                                                               | £3,234,124 |
|                                                               | <hr/>      |

In addition to all these operations affecting the total of the debt there was also effected during last financial year a considerable volume of renewals, mostly of securities held by Government Departments, together with numerous other transactions appertaining to the management of the debt. Details of all these transactions may be found set out in the published accounts, but as they have no bearing on the general position of the debt I do not think that it is necessary to enumerate them in this Statement.