Detailed particulars of the conversion operations in connection with the 6-per-cent. 1936–51 loan which was dealt with in London on 1st August, 1936, were included in the Budget of last year, while the incidental expenses appear in this year's accounts. The conversion issue was made at a discount of 1½ per cent., and a total of £4,000,000 was converted in London. Of the balance, £1,690,688 was repaid from the resources of the Public Debt Repayment Account and £179,300 from the proceeds of issues in New Zealand. Charges and expenses of these operations, including exchange on remittances to London, involved further borrowing in New Zealand to the extent of £628,147. **London conversions.**

In addition to the London conversion operations, opportunity was taken to exercise the right to repay £12,426,875 4-per-cent. 1937–40 stock and debentures domiciled in New Zealand.

Cash and conversion applications totalled £11,440,249, and the balance required for redemptions was found by the issue of Treasury bills for £925,000, and £61,626 from debt repayment resources. **New Zealand conversion operations.**

The two conversion schemes to which reference has already been made have resulted in substantial savings in interest. The London conversion loan is responsible for an annual saving in interest of approximately £208,000, with a consequent saving in exchange charges, while the New Zealand conversion operations have effected a reduction in interest charges to the extent of £105,000 per annum.

In both cases the greater portion of the savings is due to a reduction in interest-rates, the balance being accounted for by reductions in the amount of the debt.

Other maturing loans of £706,280 and £2,500 were also dealt with on 15th February, 1937, and 1st March, 1937, respectively, £424,800 being repaid and £283,980 being renewed.

Purchases of securities in Australia at prices above par resulted in conversions involving premiums totalling £5,862. No increase in debt charges was involved.

The net increase of £5,109,102 raised the debt as at 31st March, 1937, to £287,670,200, domiciled as follows:— **Domicile of public debt.**

	£
London	156,737,017
Australia	891,900
New Zealand	130,041,283
Total	£287,670,200

As a result of the year's operations the London debt decreased by £1,974,913, Australian debt by £700,750, while the debt domiciled in New Zealand increased by £7,784,765. Of the latter amount, £5,613,979 represented departmental investments and the balance issues to the public in connection with the purchase of the Southland Power undertaking and cancellation of shares in the Reserve Bank and State Advances Corporation. No public issue was made to meet public works expenditure, which was financed from internal resources.

BUDGETARY POSITION FOR 1937–38.

Expenditure.

The detailed estimates which are being presented to you this evening indicate that the expenditure chargeable against the Ordinary Revenue Account of the Consolidated Fund for the year is estimated at a total of £34,728,000, after allowing for a sum of £300,000 to cover supplementary estimates and contingencies. Included in this total is an amount of £3,058,000, which is transferable to the Main Highways Account and to local authorities, and is offset by an equivalent amount of revenue. Eliminating this "self-balancing" item, the total expenditure is reduced to £31,670,000, which, on a comparative basis, is £3,504,000 in excess of the actual expenditure for last financial year. **Summary of expenditure.**