

debt the assets have increased rather more than ten millions, so that when the position of the country is being criticized by those who recognize that the future construction of railways and proper provision for the public service of the people requires borrowed money to do a portion of it, they should not shut their eyes to the other side of the ledger, a glance at which proves conclusively that, though our debt is increasing due to the expenditure of money on well considered proposals for the general benefit of the people, the financial stability both of the country and its people is beyond all question, and *per capita* of the population our assets and wealth to-day are the highest in the world.

The large increase in the private wealth of the people of the Dominion from year to year shows that our *per capita* wealth is increasing much faster than our indebtedness.

PRICE OF NEW ZEALAND STOCK.

A great deal has been said from time to time as to our indebtedness affecting adversely the credit of the Dominion. The best answer to this will be found in examining the price of our stock compared with that of other Dominions at latest quotations, which I now do.

	3-per-cents.			3½-per-cents.			4-per-cents.		
	£	s.	d.	£	s.	d.	£	s.	d.
New Zealand ..	86	10	0	97	0	0	104	0	0
New South Wales ..	87	10	0	98	10	0	104	10	0
Victoria ..	84	10	0	98	0	0	102	0	0
South Australia..	82	0	0	98	10	0
Queensland ..	86	10	0	98	0	0	102	0	0
West Australia ..	88	10	0	97	0	0
Tasmania ..	84	10	0	97	0	0

There are bound to be fluctuations from time to time. The law of supply and demand affects the price of money as of any other commodity, and I take latest quotations as a reasonable guide to our position. We sometimes find our stocks ruling higher than our neighbours' and sometimes lower, but it cannot be suggested that by giving the latest quotations I have attempted to select a favourable period, yet they compare well, and our position is a strong answer to those who express doubts as to our standing at the world's financial centre.

PUBLIC DEBT EXTINCTION ACT.

The amount that will be required to be paid out of the Consolidated Fund for the liquidation of the public debt will, during this year, be £144,855. This is a large sum and a good beginning, but, as fully explained in last year's Budget, it will involve but little extra trouble to the taxpayer and will be sufficient to pay off our present national debt in seventy-five years. The amount will be made up as follows: Saved to the Consolidated Fund by the discontinuance of the contributions to provide a sinking fund for extinguishing old war and defence loans and for the repayment of moneys raised for lending to local bodies, £92,308. Interest to be received from the Public Trustee on the sum of £992,992 held by him and set aside under the Act as a permanent endowment to assist in the repayment of the whole of our public debt, £39,691. Amount to be paid in addition out of the Consolidated Fund, £12,886. Thus, for an additional payment of £12,886 out of the Consolidated Fund more than was paid last year the whole of our present debt not provided with an internal reserve or sinking fund for its repayment will be entirely extinguished in seventy-five years.

The scheme has come well out of the criticisms, friendly and otherwise, to which it has been subjected, and the more carefully it is examined the more satisfactory it will appear. I had the pleasure of fully explaining the system to financial experts in London, and I am glad to say it met with general approval.

Inquiries have been made about the system from the Commonwealth States and other countries. Like many of the good things first introduced by the New Zealand Legislature, it is certain to be adopted elsewhere. I note with regret that the old but most common objection to it is still feebly voiced occasionally—that is, that some future Parliament will repeal the Act and undo what has been done under