

would be available for the payment of death duties. Of this amount £279,760 has been presented in payment of death duties, the stock having been taken over by various Government accounts. With the object of automatically reducing the public debt and the annual charges, as well as diminishing the volume of free income-tax securities, I am applying a portion of the capital repayments of the loan accounts concerned to the redemption of this stock when tendered in payment of death duties, and propose to repurchase stock held by Government Departments for cancellation as provided for in section 24 of the Finance Act, 1921. The annual saving in interest and sinking fund already effected amounts to £15,000.

#### FREE-OF-INCOME-TAX SECURITIES.

Free-of-income-tax securities to the value of £51,733,405 were issued in connection with our war loans, but by a process of renewals and redemptions I have been able to reduce this amount by £2,585,960, leaving a reducible balance of £49,147,445, which sum includes investments held by various State Departments totalling £8,000,000, as well as a large sum held by numerous investors who are not subject to income-tax.

In addition to the proposals I have already outlined I am arranging a conversion scheme under which a continued and substantial reduction in the volume of free-of-income-tax securities is anticipated.

#### PUBLIC DEBT.

The gross public debt as at the 31st March, 1922, was £219,054,385, held as follows :—

Held in		£	Annual Interest Charge. £
New Zealand	.. .. .	110,847,786	5,032,887
Australia	.. .. .	2,287,440	110,314
London	.. .. .	105,919,159	4,461,192
		<u>£219,054,385</u>	<u>9,604,393</u>
Annual sinking fund charge	.. .. .		1,270,792
Total	.. .. .		<u>£10,875,185</u>

£1,892,081 of the annual charge will be recouped to the Consolidated Fund from trading and investment accounts.

The gross debt, including the State Advances debt of £12,619,950, is equal to an indebtedness per head of the European population of £175 9s. 10d. The accumulated sinking funds at the 31st March, 1922, amounted to £10,655,394, including £1,663,537 on account of State advances. The net debt amounted to £208,398,991, including £10,956,413 net State Advances debt, or a net indebtedness per head of £166 19s. 2d.

The loan liabilities of the Westport Harbour Board, amounting to £880,495, were taken over on the 1st April, 1921, in terms of the Westport Harbour Act passed in 1920. Against this debt, accumulations of sinking fund amounting to £261,200 are held by the Public Debt Sinking Fund Commissioners.

A sum of £560,000 was paid out of Consolidated Fund for redemption of war-loan certificates which matured during the year. A sum of £1,289 was received from the Public Trustee as sinking fund on Hutt Road loans, to which was added £11 from Consolidated Fund, making £1,300, which was applied in redemption of debentures which matured on the 1st January, 1922.

One feature of the public debt from an economic standpoint is of particular interest, and that is the change in the incidence of the debt as held in the Dominion and elsewhere. Ten years ago 18·78 per cent. of the debt was held in New Zealand and 81·22 per cent. overseas, whereas to-day the percentages are 50·60 per cent. in the Dominion and 49·40 per cent. elsewhere; and, further, the proportion of