

In connection with the £27,532,164 owing to the British Government now permanently provided for on an annuity basis, it is of interest to note that this provision, together with the sinking funds of £4,160,066 held by the Public Trustee, has had the effect of bringing the war debt for which future provision requires to be made down to approximately £49,000,000.

Advantage was taken of the low rate of interest ruling in London to issue temporary securities for £1,000,000 at 3 per cent. with a currency of about nine months, the proceeds being used to redeem $4\frac{1}{2}$ -per-cent. securities outstanding. I have already arranged for renewals totalling £500,000 at a lower rate—namely, £2 2s. 6d. These transactions represent a saving of approximately £20,000 in interest charges for the year. This, together with the reduction in the charges for management of stock and loan issues in London, and the handsome profits derived from investments in British securities, indicates the success which has attended the direction and control of our London finance.

On the 1st January, 1923, loans amounting to £500,000 matured in Australia, and were met by the issue and sale of redemption securities for that amount.

Honourable members will find attached a table which sets out the tangible assets of the State, totalling £195,000,000, made up of expenditure on railway-construction, public buildings, telegraphs, &c., £68,000,000; sinking funds, investments, advances, &c., £59,000,000; Crown lands, settlement lands, &c., value, £30,000,000; and State forests, &c., £38,043,000. It is safe to state that with stable finance and good management in detail most of them will, with the continued prosperity of the country, substantially increase in value and productive power.

PUBLIC DEBT REDUCTION.

I have previously referred to the public debt sinking funds and the desirability, in view of our increased indebtedness, of establishing a systematic process of debt-reduction, in place of the present method of accumulating sinking funds that are not available for redemption purposes when required. Honourable members will be asked to provide facilities for the purchase or redemption and cancellation of suitable securities before or at maturity out of a debt-repayment fund account. By this means I expect to effect not only a saving in interest and sinking-fund charges, but at the same time an annual reduction of debt.

There will be no interference with the sinking funds already accrued. These I propose should be capitalized, and the interest thereon, together with the annual contribution, applied directly to the reduction of the debt.

LOANS FALLING DUE.

Loans falling due during the seven years ending with the year 1930 are as follows :—

Year ending 31st March.	London.	Australia.	New Zealand.	Total.
	£	£	£	£
1924	1,747,200	3,300	7,798,365	9,548,865
1925	338,100	12,200	11,272,797	11,623,097
1926	15,695,351	15,695,351
1927	1,000	943,200	4,012,980	4,957,180
1928	1,000,000	121,000	4,763,126	5,884,126
1929	3,940,050	3,940,050
1930	30,094,528	..	2,048,570	32,143,098
	33,180,828	1,079,700	49,531,239	83,791,767

I have completed the necessary arrangements to meet our liabilities both in London and New Zealand for the current year, but honourable members will see from the table that there are heavy redemptions or renewals within the next two years.