

Apart from new loans and reductions affecting the total of the debt, securities amounting to £5,804,736 were renewed, £307,700 debentures converted into inscribed stock, £357,000 inscribed stock converted into debentures, while other conversions amounted to £25,050. Further debentures and inscribed stock to the value of £5,383,720 were redeemed out of the proceeds of the issue of new securities of an equal face value. The last figure includes the £1,050,000 redemption Treasury bills and the redemptions on account of the matured war loan previously referred to in this Statement.

Renewals and conversions.

A further reduction of £151,725 in the amount of the free-of-income-tax securities was effected during the year, leaving the amount of such securities outstanding on the 31st March, 1928, at £37,574,874.

Free-of-income-tax securities.

The loans falling due in the next seven years are set out in Table No. 21 attached to this Statement. It will be seen that nearly a third of the public debt will mature during this and the next two financial years. This year's maturities are almost wholly held in the Dominion, and I do not anticipate any difficulties in dealing with them.

Loans falling due.

The first transaction of magnitude to be faced is the 4-per-cent. Consolidated Stock which matures in London in November, 1929. At the end of last year the amount outstanding was £29,490,852, but concurrently with the issue of the £5,000,000 loan for new money in May last an offer was made to holders to convert £5,000,000 of this stock into 4½-per-cent. stock to mature in 1947 at the rate of £104 10s. of the new stock for £100 of the old. This is equivalent to an issue price of approximately £95 14s. for the new stock, giving a return to investors with redemption of the discount over the period of £4 16s. 10d. per cent. After making an allowance for expenses and redemption of the premium over the period of the new loan, the cost to the State works out at £4 18s. 3d. per cent., so that the cost of this portion of the debt has been increased by £45,625 per annum, although the interest bill in the meantime is only increased by £35,125 per annum.

4-per-cent. Consolidated Stock, 1929.

As the stock did not mature until next year, it may be said that we could have saved the increase in interest charges for one year. There would, however, have been considerable risk in leaving the whole £29,000,000 to be dealt with at maturity, and the policy followed should result in the placing of the whole of the stock on a more favourable basis than if left to be attempted in one sum at maturity date.

Gross debt as at the 31st March, 1928, was held as under:—

Domicile of debt.

Where held.	Amount. £
New Zealand	107,470,429
Australia	4,168,850
London	139,756,973
	<u>£251,396,252</u>

Gross Annual Charge.

	£
Interest	11,070,353
Annual sinking funds	7,000
Repayment of funded debt	386,224
Public Debt Repayment	1,053,559
Total gross charges	<u>£12,517,136</u>

Debt charges.

The last-mentioned amount, £12,500,000, represents the total gross charges payable in respect of the debt as at the 31st March last, but I would again emphasize that the greater part of it, about £6,750,000, will come from interest-earning accounts, leaving only £5,750,000 to be borne by the taxpayer as such. Of the latter amount approximately £3,750,000 is for war debt.