

THE PUBLIC DEBT.

The gross public debt on the 31st March, 1901, was £49,591,245 ; on the 31st March last it was £52,966,447, or an increase of £3,375,202 for the year. The net public debt on the 31st March, 1901, was £48,557,751, and on the 31st March last it was £51,837,631, or an increase of £3,279,880 for the year. The figures for the year were abnormally increased by the million really belonging to the preceding year's transactions, and by the necessity for providing money to pay for the purchase of lands acquired under "The Land for Settlements Consolidation Act, 1900." These two parcels of loan moneys amounted to £1,897,150. Reducing this amount by £350,000, representing the excess loan money for land-settlements purchase, the increase may be set down at a little over £1,800,000. It cannot be too often emphasized that we must take into consideration that our national debt is added to every year by loans which are of a directly remunerative character, and that the interest payable in respect of them is immediately recouped and is not made a burden upon the taxpayers: in this connection £500,000 of loan was obtained for the Advances to Settlers Office, £213,000 for loans to local bodies, £897,150 to acquire lands for close settlements, and £8,935 for deposits in our New Zealand Consols. These loans, which do not impose a burden on the taxpayer, amounted to no less a sum than £1,619,285: of this sum £340,000 were used to pay off advances previously obtained. £2,250,000 were raised under the Aid to Public Works Loan Acts of 1900 and 1901, and £200,000 of previous advances were paid off. £57,000, proceeds of sinking fund accretions debentures, were obtained, and the debt was further added to by £7,917, arising out of various conversion operations. £19,000 of "Land for Settlements Act, 1900," debentures were paid off.

£250,000 of debentures issued under "The Aid to Public Works and Land Settlement Act, 1896," fell due on the 1st February last, and were converted into 3-per-cent. Inscribed Stock.

OUR LATE LOAN TRANSACTIONS.

Our loan transactions last year were heavy, for we had to bring into the year 1901-2 loan moneys amounting to one million which really ought to have been raised in time to be included in the transactions of the year 1900-1, had the condition of the British money-market been favourable.

"The Aid to Public Works and Land Settlement Act, 1900," authorised the raising of £1,000,000 ; but after the authority had been obtained the value of gilt-edged securities on the London money-market fell very considerably, and our financial advisers did not think it would be wise to go upon the open market. In March, 1901, an offer to place £500,000 was made and accepted. The purchase-money (at par) was placed to the credit of the New Zealand Public Account on the 1st of April following. Currency was for two years, and rate of interest 4 per cent. ; the debentures to be convertible, at the option of the holders, at any time during their currency, into 3-per-cent. stock at 103. The price obtained was $1\frac{1}{2}$ per cent. better than a very much older colony was able to get at about the same time. In my colleague's Budget of last year particulars of the raising of the second moiety of the 1900 loan were given at some length.

Under the authority of "The Aid to Public Works and Land Settlements Act, 1901," the Government determined to place upon the London money-market one million of the loan so authorised, together with half a million authorised by "The Government Advances to Settlers Act, 1894." Applications were therefore invited by the Bank of England in November last for the purchase of 3-per-cent. Inscribed Stock to the amount of £1,500,000, the price of issue being at £94 per cent., and the first dividend to be for a full six months' interest, payable 1st April, 1902. The loan was underwritten at the market fee of 1 per cent.

The applications were to be accompanied by a deposit of £5 per cent., and further payments were to be made of £19 per cent. on 6th December, 1901 ;