

Civil Debt

The civil debt as at 31st March last, and amounting to £344,000,000 has been incurred for investment in the following assets:—

	£(m.)
Railways development	77.3
Roads and highways	41.2
Housing	31.0
Land settlement and improvement	29.2
Hydro-electric development	24.1
Public buildings and schools	23.0
Post and telegraph services	18.0
State forests	4.2
Mining development	2.6
State Advances Corporation	35.0
Bank of New Zealand	7.0
Reserve Bank of New Zealand	1.1
Miscellaneous	50.3
	£344.0

History of Public Debt

I should like to trace briefly the growth of the public debt since 1856 when the first loan of £500,000 was authorized by Parliament. This was partly applied to the redemption of the New Zealand Company's lien on the lands of the colony and to the purchase of Native lands.

During the next ten years considerable sums were borrowed to finance Maori wars and for public works and immigration. In 1870 the total debt stood at £7,500,000, of which over £3,000,000 was provincial government debt.

By 1877 the implementation of a vigorous public works programme had increased this to £20,500,000, of which £12,500,000 had been raised for public works. The debt continued to rise steadily after this as the country was opened up for settlement. At the outbreak of the first war the debt stood at some £100,000,000 and this had increased by 1920 to £200,000,000, of which 50 per cent. was domiciled overseas. In 1939 the total debt was some £340,000,000, and borrowing mainly for war purposes in the last seven years has brought it to its present figure of £624,000,000.

As the country has progressed the relative importance of various types of public works has changed. Originally railways, roads and bridges were the main items; to-day, they are housing and hydro-electric power.

Provision is made for the final extinction of all loans sixty years after their issue, and amounts are set aside annually from taxation for this purpose. It is also the policy of the Government, whenever possible, to repatriate debts domiciled overseas as they fall due, and by this means the annual interest and other charges payable from overseas funds have been reduced since 1935 from £7,156,000 to a figure for this year of £4,661,000.