It will be noted that 13·1 per cent. only of the debt is now held overseas.

A conversion offer of £7,000,000 made on 1st June last in respect of a £7,322,579 3½ per cent. London loan was very successful, and cash applicants received small allotments only. The balance of £322,579 was repaid in cash.

In New Zealand arrangements were made to redeem, on 15th June last, two 2½ per cent. war loans totalling £16,806,940 and a 4 per cent. 1933 conversion loan for £12,432,440, totalling in all £29,239,380. Securities issued to those who wished to convert their holdings to new investments were 2½ per cent. 1954–55 stock, and 3 per cent. stock maturing 1961–64. Investors in loans totalling £15,111,380 elected to convert to the new stocks, while holders of the old loans amounting to £14,128,000 were repaid in cash.

The only other overseas loan requiring action in this financial year is a London loan of £7,500,000 which matures on 15th December next.

Interest on Public Debt

Payments on account of interest, at home and abroad, shown first in millions of New Zealand pounds and then as a percentage of national income, are as follows:—

Year Ended 31st March,	Annual Interest Charge £(N.Z.) (Millions).		Percentage of National Income.	
	Overseas.	New Zealand.	Overseas.	New Zealand.
1939	6·8	4·7	3·5	2·4
1944	6·6	9·0	2·0	2·8
1946	7·1	11·5	2·0	3·3
1947	4·7	12·9	1·3	3·5
1948	4·7	13·1	1·1	3·2
1949	3·3	13·3	0·8	3·2

Since 1936 the average rate of interest on public debt has fallen from £3 19s. 1d. per cent. to £2 14s. 4d. per cent. Over the period for which estimates of national income are available—that is, since 1938–39—the burden of debt, defined as total interest charges, has declined from 5·9 per cent. to 4·0 per cent. of the net national income; and this over a period of expenditure upon war unprecedented in New Zealand's history. The Government's policy regarding overseas debt has resulted in a reduction since 31st March, 1936, of £52,558,000. The annual interest on this debt has been reduced during the same period from £5,725,000 sterling, to £3,273,000, a net reduction of £2,452,000 sterling annually. This reduction is in addition to repayment of all moneys made available by the United Kingdom Government in respect of the 1939–45 War amounting to £48,667,000 sterling.