

Although the sums mentioned have been repaid we are producing more than ever before and are able to import more goods, because of the reduced charges on our export receipts. To-day our standard of living is higher than in any previous period, and instead of mortgaging the future we have freed a considerable portion of our future earnings from unproductive charges.

Whilst this debt redemption policy has been followed successfully it is not proposed to extend it in a way that will restrict the major capital development works, which are essential to the expansion of production.

#### Loan moneys represented by Assets

From 31st March, 1936, up to 31st March of the present year, the public debt has increased from approximately £256 million to £615 million, a net increase of £359 million. During the same period New Zealand has borne its share of the cost of the world's greatest war, in respect of which almost £204 million of debt has been incurred, in addition to huge sums expended from current taxation. Deducting £204 million from the increase of £359 million over the period, we have a remainder of £155 million of debt represented by productive or useful assets. These are as follows:—

|                                                                                               | £(Million) |
|-----------------------------------------------------------------------------------------------|------------|
| Housing .. .. .                                                                               | 49         |
| Hydro-electric schemes .. .. .                                                                | 26         |
| Railways .. .. .                                                                              | 21         |
| Roads and highways .. .. .                                                                    | 18         |
| Bank of New Zealand .. .. .                                                                   | 7          |
| Airways, phosphates, and other undertakings .. .. .                                           | 5          |
| Land settlement, coal-mines, Post Office facilities,<br>irrigation, and State forests .. .. . | 22         |
| Public Buildings, including schools and hospitals .. .. .                                     | 16         |
|                                                                                               | <hr/>      |
|                                                                                               | £164       |
|                                                                                               | <hr/>      |

This excess of £9 million in value of assets over relative loan debt arises largely from repayment of debt in the interim, and the excess might be increased by bringing into account capital expenditure from reserves and from revenue. The point I desire to emphasize, however, is that when war debt is omitted we can show against a net increase of £155 million in debt a total of tangible assets, some of them highly productive, at least £9 million greater than that increase in debt, even when those assets are very conservatively valued. There is obviously every reason for confidence in New Zealand Government securities as permanent investments.