The gross debt at the 31st March, 1927, was held as under:— **Domicile of debt.**

Where held.	Amount.
	£
New Zealand	109,295,634
Australia	4,042,450
London	132,512,805
	£245,850,889

Gross annual charges.

	Gross Annual Charge.
	£
Interest	10,780,931
Annual sinking funds	7,000
Repayment of funded debt	367,705
Public Debt Repayment Account	998,839
Total gross charge	£12,154,475

Capital set-off against debt.

The old sinking funds capitalized under the Public Debt Redemption Fund amount to £11,225,645. The principal of the fund cannot be drawn upon, but the interest is paid annually to the Consolidated Fund as a contribution towards the payments to be made under the new Act. The Redemption Fund also includes £13,500,000 of surplus moneys on loan to the Discharged Soldiers Settlement Account, while the special sinking funds, which are separate—viz., for Westport Harbour, Electric Supply, and State Advances, &c.—totalled £2,443,540 as at the 31st March last. There is thus a total capital set-off of £27,169,185 against the debt, subject, however, to reduction on account of losses to be written off in terms of the Discharged Soldiers Settlement Acts.

Renewals and conversions, &c.

Apart from new loans and reductions affecting the total of the debt, securities to the amount of £900,950 were renewed, £180,980 debentures converted to inscribed stock, £118,900 inscribed stock converted to debentures, while other conversions amounted to £80,230. Further debentures and inscribed stock to the value of £1,436,660 were redeemed, in each case by the issue of new securities of an equal face value. Redemption Treasury bills amounting to £1,400,000 fell due and were reissued from time to time, and finally were redeemed by an issue of debentures as previously indicated.

Loans falling due.

The loans falling due in London, Australia, and New Zealand respectively during the next seven years are set out in Table No. 20 attached to this Statement. Practically the whole of the loans maturing during the current year are held in New Zealand.

FREE-OF-INCOME-TAX SECURITIES.

Free-of-income-tax securities.

The conversion scheme inaugurated in September, 1922, by which the public were afforded an opportunity of converting free-of-tax securities into inscribed stock (not free of tax) has been availed of to the extent of £3,157,570. This sum, together with renewals not free of tax and redemptions from time to time amounting to £10,849,236, has accounted for a total reduction of £14,006,806, leaving the tax-free securities outstanding at the 31st March, 1927, at £37,726,599.

DEATH-DUTY STOCK.

Death-duty stock.

To suit the convenience of the public special death-duty stock, which is accepted at par in payment of death duties, has been issued from time to time. Issues during the year amounted to £86,250. Up to the 31st March, 1927, a total of £744,270 had been presented in payment of duties, and at the request of the holders death-duty stock to the value of £243,810 had been converted into ordinary stock. The amount outstanding on the 31st March last was £1,117,520.