

and the Public Debt Repayment Account has been abolished. As a result, all moneys raised for the purposes of repaying loans or available from other sources for that purpose are now credited to the Loans Redemption Account, and all repayments of loans are made from that account:

- (2) Transactions involving merely the exchange of one class of securities for another of the same rate of interest and term, or where the only variation is an extension of the term by not more than two years, are no longer recorded in the Loans Redemption Account.

Increase and Decrease of the Public Debt

The following statement shows increases and decreases of the public debt during the year:—

					£	s.	d.
Total debt as at 31st March, 1947	..	..	..	..	634,751,761	4	6
Increases during the year—					£	s.	d.
Bank of New Zealand Shares Account	..	..	..	..	1,770	0	0
National Development Loans	..	..	..	..	25,946,940	0	0
						25,948,710	0 0
						660,700,471	4 6
Decreases during the year—							
War Expenses debt redeemed	..	..	..	..	10,154,246	12	6
Other debt redeemed	..	..	..	..	18,931,909	3	10
						29,086,155	16 4
Total debt as at 31st March, 1948	..	..	..	..	£631,614,315	8	2

The statement shows that the total public debt has been reduced during the year by £3,137,445 16s. 4d. This reduction is represented wholly by long-term debt, the short-term Treasury bills debt remaining at the same figure as that shown in last year's report (£55,000,000).

It is to be noted that the heading "Decreases during the year" includes public debt amounting to £11,287,987 16s. 2d. which was cancelled by using the assets of the Public Debt Redemption Fund. This fund was originally established by section 8 of the Repayment of the Public Debt Act, 1925, and it was continued, and its capital moneys were declared, in terms of section 15 of the New Zealand Loans Amendment Act, 1947, with effect from 1st April, 1947. The capital moneys of the Fund were declared to be—

- (1) An amount of £3,250,000, being the balance of the State Advances Corporation stock set aside as an investment of the Fund by section 8 of the Finance Act, 1937.
- (2) The sum of £8,037,987 16s. 2d. held by the Public Trustee and representing the accumulated balances of the old sinking funds which were constituted part of the Public Debt Redemption Fund by section 8 of the Repayment of Public Debt Act, 1925.

Section 19 of the New Zealand Loans Amendment Act, 1947, gave the Public Debt Commission power to use these capital moneys for the redemption of public debt, and on the 11th December, 1947, the Commission passed a resolution to apply the whole of the capital moneys of the Public Debt Redemption Fund for that purpose.