

Statutory debt repayment.

The first two items totalling £1,367,516 represent the statutory debt repayment, the money for which is provided out of the Consolidated Fund as a charge upon the year's revenue; but, as I have already explained, only a small proportion of the amount comes from taxation.

Redemptions of war debt.

The major portion of the redemptions for the year were concentrated on the war debt, which was reduced by £1,607,525, bringing the total redemption of war debt for six years up to £9,887,887.

Comparative weight of war debt and ordinary debt.

The difference between war debt and ordinary debt is very clearly shown by an examination of relative interest burdens on the taxpayer. Of the 1927–28 net charges on the taxpayers, interest on approximately £72,000,000 of war debt amounted to £3,489,334, as against £2,104,672 for the remainder of the debt, amounting to £179,000,000. In other words, the ordinary debt is about two and a half times as large as the war debt, but it costs the taxpayer about £1,250,000 less than the war debt annually.

These figures are a significant indication of the measure of relief to be obtained from the repayment of dead-weight war debt, and the soundness of the Government's policy of using all available resources for the purpose. Even though the redeemed dead-weight debt is replaced by fresh borrowing, this will in no way diminish the relief in charges provided the new loans are expended on productive purposes. Further, most of the loans raised for war purposes will mature in the next few years, and for the most part will have to be renewed, probably at slightly higher rates of interest.

Local war loan matured.

One of these war loans, amounting to £2,564,460, and bearing interest at 5 per cent., matured in November, 1927. It was the largest local war loan that has matured to date. Money from reparations and the Public Debt Repayment Account enabled a total of £861,730, or approximately one-third, to be repaid, and, of the balance, £1,655,620 was met by further issues in renewal or in redemption, leaving £47,110 still outstanding at the end of the financial year. The debt repaid out of the Public Debt Repayment Account is subject to an annual charge of 4 per cent. for further redemptions, but on the whole the maturing loan was disposed of with a small saving in charges to the taxpayer.

War-debt charges.

Over the whole war debt the charges showed a decrease of approximately £50,000 during the year.

SUMMARY OF DEBT OPERATIONS FOR YEAR.

Summary of debt operations.

					£
Debt as at 1st April, 1927	..	..	..	..	245,850,889
Add new loans raised—			£	£	
Ordinary	..	..	7,112,749		
State Advances	..	..	890,000		
				8,002,749	
Balances in Loans Redemption Account raised for redemption but not used as at 31st March, 1928				19,750	
					8,022,499
					253,873,388
Less redemptions—					
Ordinary	..	..	..	208,891	
Discharged soldiers	..	..	..	660,720	
War	..	..	..	1,607,525	
					2,477,136
Debt at 31st March, 1928	..	..	..	..	£251,396,252

Classification of Debt.

					£
Ordinary	..	..	..	..	139,329,644
War	..	..	..	..	71,970,636
State advances	..	..	..	..	31,081,966
Discharged soldiers	..	..	..	..	9,014,006
					£251,396,252