

not being well served, reduces the necessity for private broadcasting which should ultimately cease. In view, however, of the service which the private stations had rendered to listeners in the past, it was considered that the Government would not be justified in terminating the licenses of private stations without some measure of compensation for the amount which had been expended on equipment. It was decided therefore to purchase the equipment of any of the private-station licensees who desired to sell to the Government, and valuers were appointed to report on each station. Based on such reports offers were made to the various private-station licensees to sell for amounts which were considered fair and equitable to both the station-owners and the public. To date seventeen stations have been purchased as a result of such negotiations, and some are being temporarily operated as Government stations.

PUBLIC DEBT.

Increase in debt.

During the year ended 31st March last the provision of funds to meet expenditure for various capital purposes, less repayment of debt effected, resulted in a net increase in the public debt of £5,109,102. The fresh borrowing was incurred for the following purposes :—

	£
Public works	4,440,053
Purchase of Southland Electric-power Board undertaking	1,670,569
Acquisition of shareholders' interests in Reserve Bank and Mortgage Corporation	1,655,728
Costs, charges, and expenses arising in connection with the conversion of the 6-per-cent. 1936-51 London loan (including exchange on remittances from New Zealand)	£5,869,988
Premiums on conversions in New Zealand	628,147
Housing	5,862
Raised for redemptions but not used	100,000
	2,061
	<u>£8,502,420</u>

Redemptions.

Against this gross increase in debt must be offset redemptions totalling £3,393,318, leaving the net increase at £5,109,102.

Funds for debt redemption were obtained from the following sources :—

	£
Public Debt Repayment Account	1,691,188
Reparations and war credits	43,706
Sinking funds	13,489
Repayment of capital by other accounts	1,644,935
	<u>£3,393,318</u>

Southland Electric-power Board.

In terms of the Southland Electric-power Supply Act, 1936, the Government assumed liability for the loans raised by that Board and exercised the Board's option to repay in London on the 15th September, 1936, the sum of £1,500,000 sterling. Funds for this purpose, plus exchange costs, were obtained to the extent of £407,000 from sinking funds, and the balance was borrowed in New Zealand. The balance of the Board's indebtedness (£133,000) was domiciled in New Zealand, and this portion of the debt was converted to a 4-per-cent. rate involving a premium issue of £3,678. The net effect of these operations was to increase the Public Debt by £1,670,569.

Reserve Bank of New Zealand and State Advances Corporation.

The elimination of private shareholders in the Reserve Bank and the State Advances Corporation in terms of legislation passed last year involved the issue of public securities to the extent of the nominal capital of the institutions, £1,500,000, plus £155,728 allowed to private shareholders as premiums.