

In my last report I pointed out that for the first time since the inception of the present debt-repayment scheme the Public Debt Commission had redeemed debt on which interest was payable at a lower rate than $3\frac{1}{2}$ per cent. During the year ended 31st March, 1939, further securities, amounting altogether to £1,740,097 11s. 7d., bearing interest at 3 per cent. have been redeemed.

The contribution payable by the Ordinary Revenue Account to the Public Debt Repayment Account in terms of section 11 (b) of the Repayment of the Public Debt Act, 1925, is computed at the rate of $3\frac{1}{2}$ per cent. on the amount of the public debt redeemed under the provisions of this Act.

There will be no saving made by Ordinary Revenue Account on the amount of £1,740,097 11s. 7d. 3-per-cent. debt redeemed, as the payment required to be made from that Account to the Public Debt Repayment Account will, in view of the terms of the above section, be £8,700 9s. 9d. in excess of the amount previously required for the payment of interest.

The following statement shows the amount of loans subject to the Repayment of the Public Debt Act, 1925, and of those not subject to the Act as at 31st March, 1939 :—

	£	s.	d.
Debt subject to the Repayment of the Public Debt Act, 1925 ..	230,650,302	10	8
Debt not subject to the Repayment of the Public Debt Act, 1925—			
Loans for which special sinking funds are provided—			
	£	s.	d.
State Coal-mines Account ..	154,718	6	8
Electric Supply Account ..	13,902,944	1	0
Nauru and Ocean Islands Account	317,850	0	0
Westport Harbour Account ..	614,250	0	0
Samoan Loans Suspense Account	87,130	0	0
		15,076,892	7 8
Funded Debt to the Imperial Govern- ment—			
Ordinary Revenue Account—			
Naval Defence Act Account	577,446	11	5
War Expenses Account ..	23,320,196	17	0
Public Works Fund—			
General Purposes Account ..	169,109	15	3
Land for Settlements Account	33,446	6	11
		24,100,199	10 7
State Advances Account ..		34,142,877	14 3
			73,319,969 12 6
Total debt as at 31st March, 1939 (see B.—1 [Pt. III], page 8) ..			<u>£303,970,272 3 2</u>

With reference to the portions of the debt which are not subject to the Repayment of Public Debt Act particulars of the transactions of the sinking funds of the loans for which special sinking funds are provided will be found in Tables V and VI, B.—1 [Pt. III].

Particulars of the public debt funded as agreed upon by the Imperial Government on which by arrangement all instalments subsequent to 1st June, 1931, have been suspended will be found in Table IV, B.—1 [Pt. III].

The debt of the State Advances Account—£34,142,877 14s. 3d.—is the only portion of the public debt for which no special provision is made for repayment. This position arose as a result of the transfer of the securities of the State Advances Account to the State Advances Corporation in accordance with the provisions of section 36 of the State Advances Corporation Act, 1934–35, and full reference to the matter will be found in my last report.