

Repayment of the Public Debt.

The following table gives particulars of the amount of securities redeemed during the year under the provisions of the Repayment of the Public Debt Act, 1925, and also the total of the amount as redeemed to 31st March, 1940 :—

Rate of Interest.	Total to 31st March, 1939.		Nominal Value of Securities.				Total Cost of Redemption.	
			Year 1939-40.		Total to 31st March, 1940.			
Per Cent.	£	s. d.	£	s. d.	£	s. d.	£	s. d.
2½ .. ..	..	..	5,000	0 0	5,000	0 0	5,000	0 0
3	2,211,588	14 8	1,626,580	0 0	3,838,168	14 8	3,838,168	14 8
3½	476,960	0 0	4,041	8 8	481,001	8 8	481,001	8 8
3¾ .. ..	..	0 12 0	170,375	15 4	170,376	7 4	170,376	7 4
4	3,036,433	0 0	72,220	5 6	3,108,653	5 6	3,096,965	14 7
4½	2,087,460	0 0	..	..	2,087,460	0 0	2,072,082	5 0
5	5,423,735	0 0	..	..	5,423,735	0 0	5,423,181	5 0
5¼	1,530,990	0 0	..	..	1,530,990	0 0	1,530,972	10 0
5½	1,033,110	0 0	..	..	1,033,110	0 0	1,030,694	12 2
6	2,633,588	9 9	..	..	2,633,588	9 9	2,612,292	8 8
	13,433,865	16 5	1,878,217	9 6	20,312,083	5 11	20,260,735	6 1*

* This figure does not include cost of exchange on remittances.

One of the advantages claimed for the debt-repayment scheme was that the annual charge on the Consolidated Fund would be reduced as debt was redeemed each year, but there is a reduction only when the interest charge on the debt redeemed is greater than the contribution which becomes payable by the Consolidated Fund to the Debt Repayment Account under the provisions of the Repayment of the Public Debt Act, 1925. Under these provisions Ordinary Revenue Account is required to contribute to the Repayment Account an amount computed at 3½ per cent. on the public debt redeemed under the provision of the Act, and it will be seen that no saving can be made on any debt redeemed on which interest was payable at a lower rate than 3½ per cent.

The Public Debt Commission has, during the year, redeemed £5,000 2½-per-cent. and £1,626,580 3-per-cent. securities, and the contribution required from Ordinary Revenue Account will be £8,182 18s. 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, 1940 :—

Particulars.	£	s. d.
Debt subject to the Repayment of the Public Debt Act, 1925	249,344,651	11 9
Debt not subject to the Repayment of the Public Debt Act, 1925—		
Loans for which special sinking funds are provided—		
State Coal-mines Account ..	167,953	6 8
Electric Supply Account ..	14,171,199	1 0
Nauru and Ocean Islands Account ..	284,405	0 0
Westport Harbour Account ..	614,250	0 0
Samoa Loan Suspense Account ..	82,000	0 0
	15,319,807	7 8
Funded Debt to the Imperial Government—		
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
	73,562,884	12 6
Total debt as at 31st March, 1940 (see B. 1 [Pt. III], page 9) ..	£322,907,536	4 3