

savings played an important part in our war finance and, during the past year, an equally important part in the post-war settlement. For the future it is hoped to avoid any increased borrowings for war purposes, and national savings, which are coming in at an even better rate than last year, are now being applied in repayment of earlier war borrowings. Apart from the direct advantage the individual obtains from storing up his purchasing-power through national savings till more goods are available, the scheme generally provides a strong weapon for combating inflation.

Bank of New Zealand Shares

The third item responsible last year for increases in the public debt was completion of purchases of Bank of New Zealand shares. The major portion of the expenditure had come to charge the previous year, and what was dealt with last year was mainly the overseas holdings. All the shareholders overseas have accepted the Government's offer except five on the Australian register and forty-two on the London register. The State has thus acquired a valuable asset, from which dividends received into the Consolidated Fund last year totalled £375,979.

Debt Repayment

Debt redemptions last year played an important part in keeping the total debt at a reasonable figure but without unduly restricting the programme of essential works. Repayments, totalling £16,395,000, were effected from the following sources:—

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Public Debt Repayment Account	7,170,000
Loans Redemption Account	5,725,000
War Expenses Account	3,500,000
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	£16,395,000
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In the Public Debt Repayment Account is recorded the use made of the annual statutory contribution from revenue, which is now over £4,000,000 per annum. In addition, over £3,000,000 had been carried forward from the previous year and was held ready to meet securities due on the 1st April and 15th April, 1946.

Moneys credited to the Loans Redemption Account for redemption of securities come from various sources, and were largely used in reduction of war debt. Similarly with the £3,500,000 which was available in the War Expenses Account when the accounts for the year were closed. This was applied, as has been done previously, in reducing the dead-weight burden of war debt.