

The net result of this change so far as the Ordinary Revenue Account for 1925-26 is concerned is as follows:—

	£
Interest received on capital liability	1,913,311
Excess of railway receipts over payments for the previous year (1924-25) deducted for comparative purposes	1,468,523
	<hr/>
Leaves an increased receipt of	444,788
Deduct new item of payment for branch lines and isolated sections	344,830
	<hr/>
Leaving a gain to the Consolidated Fund of ..	<u>£99,958</u>

Against this latter sum, however, there is a further set-off of the additional interest on that part of the public debt allocated to railways during the financial year, with the result that the net effect on the Consolidated Fund is approximately the same for both financial years.

Repayment of the Public Debt Act, 1925.

The second change I refer to was brought about by the passing of the Repayment of the Public Debt Act, 1925. This Act has led to the appearance of another new item of receipt in the Ordinary Revenue Account under the heading of "Interest on the Public Debt Redemption Fund"—£897,756.

Now, a large part of this £897,756 was in 1924-25 included in the total of "Interest on public moneys," under which heading was the interest received from Discharged Soldiers Settlement Account and other interest earned on investments of Government moneys. This year the interest receipts are divided, some £550,000 going to "Interest on the Public Debt Redemption Fund" and the balance remaining under "Interest on public moneys." The Public Debt Redemption Fund item, in terms of the Repayment of Public Debt Act, 1925, also received the interest on the capitalized sinking funds, so that the additional revenue from this source is £314,697, arrived at as follows:—

	£
Interest on public moneys, 1925-26	605,061
Interest on Public Debt Redemption Fund	897,756
	<hr/>
Total	1,502,817
Interest on public moneys, 1924-25	1,188,120
	<hr/>
Additional receipts, 1925-26	<u>£314,697</u>

There is, however, against this about £190,000, being that part of the increase in the sinking fund and statutory debt-reduction payments consequent on the passing of the Repayment of the Public Debt Act, 1925. As the payments under this Act will increase every year, this net gain to the Consolidated Fund will thus automatically disappear, and, in view of the writing-down of the discharged soldiers settlement capital, a considerable part of it may be wiped out during the present financial year. In this connection it will be remembered that the amount advanced out of the accumulated surplus for settlement of discharged soldiers now forms part of the Public Debt Redemption Fund.

REVENUE.

Revenue.

In the comparative revenue table (No. 3) attached to this Statement the amount received in 1925-26 for interest on railway capital liability is compared with the excess of railway receipts over payments for 1924-25.

It will be observed that the net increase in the total revenue is shown as £1,719,345, but, as I have just explained, £444,788 on account of "Interest on railway capital liability" and £314,697 for "Interest on Public Debt Redemption Fund," may be set aside as being only nominal increases. Deducting these two amounts totalling £759,485, there is left a real increase in revenue compared with that of the previous financial year of £959,860.