It will be seen that an annual saving of interest amounting to £90,816 3s. 3d. has now been effected by the operation of the Act. The following figures will show how this saving increases year by year as the cumulative effect of the sinking fund becomes apparent:—

Annual saving in interest on securities redeemed to—	£	s.	d.
31st March, 1926	8,137	10	3
31st March, 1927	27,043	9	3
31st March, 1928	39,592	0	4
31st March, 1929	46,782	0	4
31st March, 1930	57,218	13	7
31st March, 1931	69,198	9	3
31st March, 1932	90,816	3	3

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, 1932:—

	£ s. d.	£ s. d.	£ s. d.
Debt subject to the Repayment of the Public Debt Act, 1925..			205,724,341 5 3
Debt not subject to the Repayment of the Public Debt Act, 1925—			
Treasury-bills issued under section 41 of the Public Revenues Act, 1926 ..		3,030,000 0 0	
Loans raised in respect of the State Advances Account—			
Advances to Settlers Branch ..	20,794,870 8 5		
Advances to Workers Branch ..	13,075,189 10 4		
Advances to Local Authorities Branch	2,778,690 15 7		
		36,648,750 14 4	
Loans for which special sinking funds are provided—			
State Coal-mines Account ..	141,683 6 8		
Electric Supply Account	11,033,475 11 1		
Nauru and Ocean Islands Account..	479,200 0 0		
Westport Harbour Account ..	661,150 0 0		
Samoan Loan Suspense Account ..	124,000 0 0		
		12,439,508 17 9	
Funded debt to the Imperial Government—			
Land for Settlements Account ..	33,446 6 11		
Naval Defence Account	577,446 11 5		
Public Works Fund — General Purposes Account	169,109 15 3		
War Expenses Account	23,320,196 12 6		
		24,100,199 6 1	
Total, debt not subject to the Act			76,218,458 18 2
Total debt as at 31st March, 1932 (see B.-1 [Pt. III], 1932, page 19) ..			£281,942,800 3 5*

* N.B.—This does not include loans under the Rural Advances Act, 1926, amounting to £4,001,650, which are not treated by the Treasury as forming part of the public debt.

As a good deal of misapprehension appears to exist in regard to the nature of the Public Debt Repayment Fund, I may explain that this fund differs materially from an ordinary sinking fund, which latter is based on actuarial calculation with a view of redeeming the debt at its maturity. The method adopted for redeeming our National Debt is more elastic. The annual contributions from the Consolidated Fund were not based on actuarial calculation so as to provide repayment of our debt in any specified number of years, but were fixed at a rate which was below the average annual rate paid in respect of the debt securities prior to the establishment of the present system so as to enable the Treasury to make a saving on whatever it redeemed. These contributions are not invested for a number of years, as is the usual practice in connection with a sinking fund to redeem a specified loan, but are used immediately for the redemption of securities. The scheme thus provides an immediate benefit by reducing our annual interest charges, as is shown in the table above. As redemptions take place from day to day there is no invested fund accumulating at compound interest as is the case with ordinary sinking funds, and any temporary cessation from repurchasing securities would not seriously impair the scheme.