

Extensive operations also took place during the year under the Banks Indemnity (Exchange) Act, the amount of sterling purchased from the banks being £26,684,000. Of this sum, however, £8,500,000 was utilized by the Government for its own requirements, so the net surplus sterling taken over for the year was £18,184,000. Banks Indemnity (Exchange) Act.

As the Act has now been repealed, I may mention for the information of honourable members, that, during its currency, covering the period from the 20th January, 1933, to the 31st July, 1934, the total amount of sterling purchased under its provisions amounted to £36,208,000, of which £13,198,692 was utilized by the Government for its own requirements. The net amount of surplus sterling taken over was thus £23,009,308.

The greater part of the surplus sterling has already been sold to the Reserve Bank at its public buying rate of £124 New Zealand for £100 sterling, and the balance will similarly be disposed of before the end of September, the whole operations being governed by the maturity dates of investments in London and of liabilities in New Zealand. The proceeds in New Zealand will be sufficient to pay off the Treasury bills and to extinguish the suspense item, and are being applied to these purposes.

TREASURY BILLS.

Apart from renewals and conversions, the Treasury bills issued under the Banks Indemnity (Exchange) Act during the year amounted to £29,384,732, of which £12,360,197 had been repaid by the 31st March. Thus the net increase for the year was £17,024,535, and this, added to £2,380,337 of bills carried forward from the previous year, resulted in £19,404,872 of this class of Treasury bills, of which £16,319,672 bore interest at 5 per cent. per annum and the balance at rates varying from $2\frac{3}{4}$ per cent. to 4 per cent., being outstanding on 31st March, 1934. Bills to more than this amount have recently been redeemed with the proceeds from the sale to the Reserve Bank of New Zealand of surplus sterling.

In so far as revenue bills are concerned the published accounts show that Treasury bills issued during the year amounted to £39,606,077, including issues in renewal. The total accommodation received, however, was £11,346,000, of which £6,977,000 was obtained from the banks and £4,369,000 from Government accounts and the public. The balance consisted of issues in renewal of these bills and also of the £1,585,000 of bills outstanding on the 31st March, 1933. The bills issued had a currency not exceeding six months, and were discounted at rates ranging from $2\frac{3}{4}$ per cent. to 3 per cent. in the case of bills taken up by Government accounts and the public, and 5 per cent. per annum in the case of bills issued to the banks. Treasury bills.

In the aggregate £37,738,968 of revenue bills was paid off, the amount being £1,867,109 less than the issues during the year. The result was that by the 31st March last revenue bills outstanding had been increased to £3,452,109.

As a result of all these operations, the floating debt as at 31st March last amounted to £22,856,981, as compared with £3,965,337 as at 31st March, 1933, an increase of £18,891,644 for the year. The greater part of the bills issued under the Banks Indemnity (Exchange) Act were redeemed on the 1st August last, and the balance of this class of bill will be repaid shortly.

I may add that, although it does not form part of the public debt in the ordinary sense of the term, there is also the liability under the arrangements made for liquidation of reserves by the hypothecation of discharged-soldier-settlement securities to two of the banks. This is a self-contained arrangement whereby the liability incurred to secure immediate liquidation for the Consolidated Fund will be gradually repaid from the capital repayments received under the table mortgages in which the reserves are invested. The amount of the liability in question is now £4,050,000, representing a net increase of £1,800,000 during the last financial year. Liquidation of reserves.