

LOAN ACCOUNT.

No loan-money was raised during the year. Statutory payment to sinking fund of £4,037 15s. 6d. was brought to charge against the Administration in June, 1935, but no amount was utilized for redemption of debt. The balance of sinking fund at 31st March, 1936 was £4,037 17s. 1d.

PERMANENT CHARGES.

With reference to M. Rappard's inquiry, on page 158 of the minutes of the Twenty-eighth Session of the Commission, as to the reason for the increase in the permanent charges, the following explanation is supplied:—

The original authority for making loans to the Samoan Administration by the New Zealand Government provided for the establishment of a sinking fund designed to liquidate the loans within thirty years. At that time it was considered probable that interest on investments would not fall below an average of $4\frac{1}{2}$ per cent., the rate on which the life of the loan was based.

As a result of the severe fall in the rate of interest obtainable on investments, however, it was found that the sinking fund contributions originally provided for would not liquidate the loans in the required time. Consequently, in 1932 the New Zealand Government by legislation altered the basis of the contributions to sinking fund. Under this new legislation it is provided that, so long as any portion of the debt remains unpaid, the following annual contributions will be paid to sinking fund:—

- (1) An amount equal to $1\frac{1}{2}\frac{3}{4}$ per centum on £165,200—that is, the sum outstanding at the date of the amending legislation.
- (2) An amount equal to $4\frac{1}{2}$ per centum on such portions of sinking fund utilized for debt redemption.

The first item remains constant throughout the period of the loan, but the second depends upon repayments of principal. The New Zealand Government have reduced interest payable on loans to the Samoan Administration to $4\frac{1}{4}$ per centum, and it will be apparent that on each repayment of principal the Administration save interest at the rate of $4\frac{1}{4}$ per centum but have to pay an additional sinking-fund contribution under (2) above at $4\frac{1}{2}$ per centum, and it is this $\frac{1}{4}$ per centum that accounts for the slight increase in the permanent charges.

As will be seen from the table on page 8 the public debt of the Territory has been reduced by £33,490 since the year 1932, but under the scheme of liquidation outlined above the annual permanent charges remain substantially the same until the loan is completely repaid.

The method adopted is that now used for redemption of the public debt of New Zealand. It will be apparent that, while this method entails with each repayment of principal a small increase in the annual contribution to sinking fund, the life of the loan will be materially shortened, and there will ultimately be a considerable saving on the part of the Administration.

CUSTOMS REVENUE.

The total amount collected on account of duties and taxation during the financial year ended 31st March, 1936, was £98,254, as compared with £76,076 for the financial year 1934-35, an increase of £22,178.

Following are the receipts under the principal headings:—

	1934-35.		1935-36.		Increase.	Decrease.
	£	£	£	£		
Import duties (including port and service tax)	26,652	..	33,777	..	7,125	..
Export duties—	£					
Copra	14,284	..	21,632	..	7,348	..
Cocoa	2,042	..	1,835	207
Rubber	67	..	353	..	286	..
Bananas	12,697	..	13,454
	29,090	..	37,274	..	757	..
Shipping fees	2,863	..	3,809	..	946	..
Wharfage dues and royalties	1,903	..	2,567	..	664	..
Taxes	9,509	..	8,986	523
Miscellaneous, including medicinal liquor	6,059	..	11,841	..	5,782	..
	76,076	..	98,254	..	22,908	730
					730	
					£22,178	Net increase.
Less refunds (see below)	19,653	..	12,873	..		
	56,423	..	85,381	..		
Net increase after making refunds of export duty					£28,958	