

## PUBLIC DEBT.

**Loans raised.**

The loans raised by the Government during the past financial year totalled £7,454,897, while redemptions of debt amounted to £11,836,805, resulting in a net reduction in the total public indebtedness of £4,381,908.

Details of the loans raised during the year are as follows:—

Public works, including main highways and State forests .. .. .	£	5,851,526
Housing .. .. .		1,600,000
Raised for redemptions but not applied as at 31st March, 1938 .. .. .		3,186
Premiums on conversions .. .. .		185
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		£7,454,897
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The amount borrowed under the first item, together with balances carried forward from the previous financial year supplemented by available revenue resources, was used in financing the works programme for 1937–38. Details of the relative receipts and expenditure are included in the Public Accounts parliamentary paper B.-1 [Pt. I], which have already been published.

The finances of the Housing Account are, in terms of the relative Act, administered by the State Advances Corporation, and a review of the transactions for the year, together with a balance-sheet, will be found in the annual report of the Corporation to be presented to Parliament shortly.

**Redemptions.**

Funds for redemption purposes were obtained from the following sources:—

	£	
Public Debt Repayment Account .. .. .		1,713,811
Sinking funds .. .. .		166,664
Other accounts .. .. .		6,330
Sale of State Advances Corporation stock, representing investments of—	£	
Loan capital .. .. .		3,250,000
Public Debt Redemption Fund .. .. .		4,000,000
Deed of hypothecation over discharged Soldiers Settlement Account mortgages .. .. .		2,700,000
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		9,950,000
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		£11,836,805
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The first three items in the table just referred to cover what might be termed “normal debt repayment operations.” Honourable members are doubtless aware of the provisions of the Repayment of the Public Debt Act, 1925, under which funds are provided from the Consolidated Fund each year for the repayment of debt. The last three items, under which funds for redemptions amounting to £9,950,000 were derived from the sale of State Advances Corporation securities, represent special operations arising out of the transfer of mortgages to the State Advances Corporation pursuant to the provisions of the original Mortgage Corporation of New Zealand Act, 1934–35, and the consequential liquidation of the old State Advances and the Discharged Soldiers Settlement Accounts.

Formerly the transferred mortgages were investments of moneys borrowed and forming part of the public debt, and of moneys from the Public Debt Redemption Fund. This fund was constituted under the Repayment of the Public Debt Act, 1925, of some closed sinking funds and certain amounts transferred to the Discharged Soldiers Settlement Account from the Consolidated Fund. In addition, the mortgage investments of the Discharged Soldiers Settlement Account were covered by a deed of hypothecation under which the amount due at 31st March, 1937, was £2,700,000. When these mortgages were transferred