

(2) *Stores and Material*.—With regard to the purchase of stores and material for which payment is made in London, the practice is to recover the cost of exchange from all the separate accounts within the Public Account against which the purchases have been debited. In the case, however, of the General Purposes Account of the Public Works Fund exchange is recovered only from the Post Office and Railways in respect of the purchases from the two votes—Telegraph Extension, and Railways Improvements and Additions to Open Lines. No exchange is recovered from Departments controlling the remaining votes in this account.

It should be stated that Consolidated Fund recovers the full cost of any remittances made for the services of Government accounts outside the Public Account (Post Office, State Fire Insurance, &c.).

As previously stated, the cost of exchange is charged to the Consolidated Fund under the authority of section 55, Finance Act, 1932, but no adjustments are made as regards exchange on the cost of material purchased from votes within the Consolidated Fund. Whilst this course does not affect the total expenditure from this Fund it has the effect of making the published figures of the votes in question misleading. The accounts of the Printing and Stationery Department provide an example and show clearly the effect of the non-charging of exchange. Some £102,287 was paid by this Department for overseas services during the year ended 31st March, 1939, but the cost of exchange thereon, approximating £25,572, remains as a charge against section 55, Finance Act, 1932, instead of a direct charge against the Department.

It is clear, therefore, that as the full cost of exchange is not brought to charge in the accounts of various Departments which are required to be prepared under the provisions of section 57, Finance Act, 1932, or in the accounts of a number of the commercial undertakings of the Government these accounts fail to disclose the true position.

In order to overcome the difficulty it is suggested that, instead of appropriating one sum for exchange in the Ordinary Revenue Account, each Department should be required to take a separate item in its estimates to cover the full amount of its exchange charges, and adjustment could then be made periodically with the exchange item which is a permanent charge under section 55, Finance Act, 1932.

This system would call for no far-reaching changes in the method of keeping the Public Accounts, and Consolidated Fund would as at present bear the original charge for exchange, but only until the adjustments are made with the votes or accounts concerned.

The departmental and commercial accounts would then show accurately the total cost of each undertaking.

Repayment of the Public Debt.

The following table gives particulars of the amount of securities redeemed during the year under the provisions of the Repayment of the Public Debt Act, 1925, and also the total of the amount as redeemed to 31st March, 1939 :—

Rate of Interest.	Total to 31st March, 1938.		Nominal Value of Securities.				Total Cost of Redemption.	
			Year 1938-39.		Total to 31st March, 1939.			
Per Cent.	£	s. d.	£	s. d.	£	s. d.	£	s. d.
3	471,491	3 1	1,740,097	11 7	2,211,588	14 8	2,211,588	14 8
3½	476,960	0 0	..	..	476,960	0 0	476,960	0 0
3¾	0	12 0	..	..	0	12 0	0	12 0
4	3,036,433	0 0	..	..	3,036,433	0 0	3,024,745	9 1
4½	2,070,940	0 0	16,520	0 0	2,087,460	0 0	2,072,082	5 0
5	5,423,735	0 0	..	..	5,423,735	0 0	5,423,181	5 0
5¼	1,530,990	0 0	..	..	1,530,990	0 0	1,530,972	10 0
5½	1,033,110	0 0	..	..	1,033,110	0 0	1,030,694	12 2
6	2,633,588	9 9	..	..	2,633,588	9 9	2,612,292	8 8
	16,677,248	4 10	1,756,617	11 7	18,433,865	16 5	18,382,517	16 7*

* This figure does not include cost of exchange on remittances.