

Year.	Particulars of Cash or New Loans applied to Redemption and Expenses.	Amount of Cash or New Loans.	Amount of Old Loan redeemed or converted.
		£ s. d.	£ s. d.
1929-30	Cash from State Coal-mines Sinking Fund Account applied in redemptions	517 13 11	517 13 11
	Cash from State Advances Sinking Fund Account applied in redemptions	11,602 16 1	11,602 16 1
	Cash from State Advances Account applied in redemptions	227,393 4 7	227,393 4 7
	Consolidated Stock loan issued in conversion ..	5,000,000 0 0	5,000,000 0 0
	New Zealand Inscribed Stock loan issued in redemption	2,411,490 0 0	5,745,342 9 5
	Debenture loans issued in redemption	3,320,404 6 9	..
	Cash from Ordinary Revenue Account applied for expenses	0 15 7	..
	Cash from Public Works Fund applied for expenses	164,704 8 1	..
		30,672,451 17 6	29,591,063 4 1

SUMMARY.

	£ s. d.
New loans for redemption or conversion	28,063,795 5 10
New loans for expenses of redemption or conversion ..	742,888 6 1
Cash applied for redemption	1,508,527 4 5
Cash applied for expenses of redemption or conversion ..	357,241 1 2
Total cost of redemption to 31st March, 1930 ..	£30,672,451 17 6

The £227,393 4s. 7d. cash received from State Advances Office represents loan-moneys raised in New Zealand for the general purposes of the Office, but applied for redemption of loans.

In the case of loans raised in New Zealand a small amount of charges and expenses has been incurred, but as no portion of such expenses has been directly allocated in the accounts as for redemption of the Consolidated Stock, 1929, such expenses have been disregarded in the above statement.

The New Zealand Loans Act, 1908, provides authority to issue further loans to cover the charges and expenses met from Public Works Fund cash (£357,209 0s. 5d.), and should this authority be exercised the cost of redemption shown above will probably be increased.

PUBLIC ACCOUNT CASH BALANCE INVESTMENT ACCOUNT.

This account, it may be explained, is a suspense account (without any credit balance) against which payments by way of investment are sometimes charged, instead of charging against the relative account. Its object is to enable the aggregate of the balances of the various separate accounts within the Public Account to be invested close up, and without charging the investments against the individual accounts lending the money.

In my last report I drew attention to the fact that owing to the system of charging investments against the above account the public accounts were misleading, and I there pointed out by way of example, that the amount shown as "Cash in the Public Account" in the Ordinary Revenue Account (which is only one of many accounts within the Public Account) exceeded the total amount shown as cash in the Public Account, which was not actually the case, and indeed was an impossibility.

For the year 1929-30 an endeavour has been made to overcome this objection by stating the balance at the end of the period as "Cash" simply, instead of "Cash in the Public Account" as previously shown. This, however, does not remedy the position, as the fact still remains that the balances shown as "Cash" are not actually represented by cash in the hands of the Government. For example, in B.-I [Part I], 1929-30, page 11, there appears in the Ordinary Revenue Account as balance at end of year the item "Cash, £1,510,239 8s. 8d.," but a reference to B.-I [Part II], 1929-30, pages 3 and 4, indicates that at that date the total cash in the hands of the Government amounted to only £1,374,242 12s. 7d., this amount being held in the Public Account—in Wellington £1,370,553 9s. 3d., and London £3,689 3s. 4d. The cash balance of the Ordinary Revenue Account at 31st March, 1930, is therefore overstated. The true position is that the individual balances shown in the separate accounts as "Cash" at 31st March, 1930, were overstated by £2,500,000 in all, which amount had been paid out of cash and invested on fixed deposit, and was therefore no longer cash in the hands of the Government, but was represented by investments which could not properly be termed "cash" until they were realized. (It is to be noted that though the investments at this particular time were represented by fixed deposits, it does not necessarily follow that this must always be the case, as such investments may be made in any securities in which balances of the Public Account may be invested, except New Zealand Government securities. Such investments have in the past been actually made in British Government securities.) The effect of this system is that the various accounts within the Public Account, which were designed to record the amount of cash in