

Of this total, £7,000,000 was raised in London as aforesaid, the cost being £5 0s. 1d. per cent., allowing for the redemption of the discount and expenses of issue over the period of the loan. The balance of £4,099,325 came from local issues—£1,677,325, mostly at 4 per cent. to 4½ per cent., from departmental investments, and £2,422,000 from the public, £726,620 bearing interest at 5½ per cent. and £1,695,380 at 5½ per cent.

The amount for public works, which absorbed the £7,000,000 London loan, provided for the capital expenditure under that heading previously referred to in this Statement.

So far as State advances are concerned, I may say that the £2,144,075 shown above did not represent the sum total of the additional capital made available during the year, for over £1,000,000 from previous issues was carried forward from the previous year, while the sale of rural bonds—which, of course, do not form part of the public debt—realized £1,114,486. The total amount of new capital paid over to the State Advances Office during the year amounted to £4,340,224. State advances.

As a partial set-off against the new loans raised, debt to the amount of £2,528,860 was repaid during the year, £1,301,897 of which debt was domiciled in London and £1,226,963 in New Zealand.

These repayments were effected as follows:—

	£	Debt-repayment.
Under Repayment of Public Debt Act, 1925 ..	1,158,472	
Under funded-debt agreement with British Government	405,676	
Out of reparation-moneys	258,960	
From Discharged Soldiers Settlement Account ..	425,770	
From other accounts	266,534	
Discount on purchases of stock	9,523	
Raised for redemption, 1928-29, and applied last year	3,925	
	<u>£2,528,860</u>	

The first two items represent the operations under the statutory debt-repayment schemes, the funds for which are drawn from the Consolidated Fund. The funded-debt agreement in question provides for the repayment of an amount (originally £27,532,164, but as at the 31st March last reduced to £24,747,342) due to the British Government on account of advances during the war. The payments, being made on an annuity basis, will result in the whole amount due being repaid by about 1958.

The general debt-repayment scheme, which, apart from certain special exceptions, automatically covers the remainder of the public debt, provides for repayment over a period of approximately sixty years, dating from 1925 in the case of loans outstanding at that time, and from the year of issue in the case of subsequent loans. The scheme operates on an annuity principle like a table mortgage, the greater part of the savings in interest on debt repaid being annually applied to further repayments. Thus the amount available for debt-repayment increases steadily year by year without increasing the total charges on the Consolidated Fund. The funds thus made available are used each year in buying stock and debentures on the market, or for redemption at maturity. A feature of some of the recent prospectuses of our London loans was the provision for the purchase of securities on the market for repayment of debt. Since the inception of the scheme to the 31st March last £5,036,036 of debt has been repaid under this scheme at a cost of £5,008,399.

The repayments during the financial year included £1,097,744 of war debt, which over the past eight years has been reduced by a total of £12,462,148, or approximately 15 per cent. War debt.

During 1929-30 the balance of the 4-per-cent. consolidated stock which matured 1st November, 1929, was disposed of in a manner that cannot but be regarded as satisfactory in view of the financial conditions that obtained during the year. A total of £11,656,856 was still outstanding on the 1st April, 1929. During the Conversion operations.