

the loan on the giving of three months' notice to the stockholders. The annual cost to the State of this loan is approximately £5 5s. 5d. per cent., and the return to the investors, allowing for redemption at the later maturity date is £5 2s. 2d. per cent. Considering the conditions which applied at the time this loan was raised, the terms must be regarded as satisfactory.

Of the £5,000,000 which was thus raised, the sum of £4,000,000 was devoted to the repayment of Treasury bills which fell due in London in June last, leaving only £1,000,000 of overseas loan-moneys available for capital works during the year. This £1,000,000 was apportioned half to general public works purposes and half to hydro-electric power works. The balance of the loan-moneys required to complete the Government's programme of capital works for the year will be provided from funds to be raised locally.

### PUBLIC DEBT.

#### Public Debt.

At the 31st March last the public debt of the Dominion totalled £281,942,800. This amount includes the £3,030,000 of outstanding revenue bills previously referred to. Apart from these bills the net increase in the debt for the year was £2,879,442, which, I am pleased to state, is substantially less than has been the case for some years past.

#### Additions to debt.

The gross additions to the debt, apart from the Treasury bills, consisted of £4,797,300, applied as follows:—

	£
Public works (including hydro-electric supply and main highways) .. .. .	4,422,300
Native-land settlement .. .. .	175,000
State forests .. .. .	200,000
	<hr/>
	£4,797,300
	<hr/>

Of this amount, £4,000,000 was derived from the London Loan of June, 1931, and the balance was raised in New Zealand from time to time as required. Of the New Zealand issues, £98,450 represents the proceeds of the sale of Post Office investment certificates and departmental investments, bearing interest at from  $4\frac{1}{2}$  per cent. to  $5\frac{1}{4}$  per cent., while the balance of £698,850 was received direct from the public and bears interest at 5 per cent. or  $5\frac{1}{2}$  per cent.

#### Debt repayment.

In partial reduction of the gross additions to the debt must be set off repayments during the year amounting to £1,917,858, leaving a net increase, as already stated, of £2,879,442. These repayments were applied as follows:—

	£
Under Repayment of Public Debt Act, 1925 ..	1,264,330
Under funded-debt agreement with British Government .. .. .	221,035
Reparation receipts, &c. .. .. .	51,630
From separate accounts .. .. .	380,863
	<hr/>
	£1,917,858
	<hr/>

Of this total, £221,235 was repaid in London, £261,900 in Australia, and the balance of £1,434,723 in New Zealand.

The payment of £1,264,330 under the Repayment of the Public Debt Act, 1925, represents the year's operations under the statutory debt-repayment scheme established as from the 1st April, 1925.

In connection with the funded-debt payment, honourable members will recollect that, arising out of an extension of the "Hoover" moratorium, Great Britain offered to postpone the second instalment of the amount payable in terms of her agreement with us. The offer was accepted, and as a result only the first half-year's instalment appears in last year's accounts.