

The Mines Department took over the operation and management of the company's Denniston and Millerton mines on 1st April of the present year, and it is planned to operate the distribution side of the business as from 1st October next.

The Birchwood mine at Ohai has been managed by the Mines Department as from 28th November, 1947, and on 5th January last the Kamo mine (North Auckland) passed into the ownership of the State.

With these additional purchases the number of State-owned mines as at 1st April, 1948, totalled 26—underground, 20; open-cast, 6.

Negotiations are in progress with the companies concerned for the purchase of some of the remaining large mines.

PUBLIC DEBT

Full details of the debt transactions are shown in a statement on page 70 of the Public Accounts for the financial year 1947–48, paper B-1 [Pt. I], which has already been laid before the House.

The more important features are that our overseas debt has been reduced by £14,259,000, occasioned chiefly by the repayment of a 4½-per-cent. London loan of £14,027,011, which matured on 1st November, 1947. To finance the redemption £14,000,000 of stock was issued in New Zealand to the Reserve Bank and various Treasury Accounts. The net result of the transaction was a saving of overseas interest of £631,215 per annum offset in part by the payment each year of £140,000 interest in New Zealand. Without any increase in the charges for debt services it is possible, by applying the savings so realized, to liquidate £14,000,000 of debt over a period of slightly less than thirty years, and special provision has been made accordingly for the first instalment this year.

Special contributions towards debt redemption were also made last year from Consolidated Fund £4,000,000, War Expenses Account £3,300,000, and from the transfer of the balance in National Development Loans Account of £2,122,000.

Last year the Public Debt Redemption Fund was abolished, and in accordance with the legislation then passed the capital moneys of the Fund amounting to £11,288,000 were utilized to redeem debt.

That fund had been built up under the former Public Debt Extinction Act, 1910, whereby the annual contributions were invested as sinking funds through the State Advances Office and the Public Trust Office. The previous system was superseded in 1925 when the