2nd Liberty Loan

The prospectus for the 2nd Liberty Loan was issued on the 12th October, 1942. Ten million pounds was invited for subscription, and the following Stocks were offered: $2\frac{1}{2}$-per-cent. 1948 Stock; 3-per-cent. 1953–56 Stock. No issue of £1 Bonds was made.

The loan closed on the 14th November, 1942, and was over-subscribed by £416,000. Subscriptions were as follows:—

	Applications.	Amount. £
$2\frac{1}{2}$-per-cent. 1948 Stock	12,906	1,891,000
3-per-cent. 1953–56 Stock	12,119	8,525,000
	25,025	£10,416,000

Advance subscriptions totalled £2,678,810, or over 25 per cent. of the total amount of the loan.

The organzation set up to raise these loans was on a national basis, and War Loan Committees were formed throughout the country.

The Board desires to place on record its appreciation of the excellent work performed by these Committees, by the National Savings Organization, and by the many organizations, the press, and individuals throughout New Zealand whose efforts played such a substantial part in the success achieved.

Exchange Control

The procedure of licensing of overseas trade during the year was not altered, but the operations of Lend-Lease and Reverse Lend-Lease have to be taken into account when considering the table shown below. The large quantities of Lend-Lease imports which have come into the country do not involve disbursements of overseas funds, and conversely, large quantities of goods which might normally have been exported have been made available under the Reverse Lend-Lease arrangement to the United States for their troops in the Pacific and New Zealand.

The administration of the Finance Emergency Regulations 1940 (No. 2) has continued to operate smoothly.

Owing to the presence in New Zealand of American troops, the Bank authorized suppliers of goods and services to accept United States dollar notes, and announced the rates of conversion into New Zealand currency. Although the majority of the public complied with the official rates, it became evident that some transactions were taking place at unofficial rates. The Bank therefore issued a warning that the official rates must be observed. Action has been taken with regard to subsequent breaches, and penalties incurred by the persons concerned.

The following table gives a classification of foreign exchange transactions for the years ended 31st March, 1941, 1942, and 1943:—

Summary of Transactions

(£(N.Z.)000.)

Receipts.	Year ended 31st March, 1941.	1942.	1943.
In respect of—			
Exports	73,302	72,774	80,885
Interest, dividends, legacies, immigrants' funds, repatriated capital, and private debts due in New Zealand	4,220	4,231	4,339
Trade debts due in New Zealand, including overseas earnings of New Zealand firms	3,443	2,897	3,687
Commissions, royalties, and insurance	120	166	252
Donations and allowances ..	382	431	290
Travellers' expenses ..	280	268	493
Receipts on account of American Authorities and personnel	..	..	5,057
Receipts by High Commissioner in London	..	..	599*
Unclassified	965	504	395
	82,712	81,271	95,997

Payments.	Year ended 31st March, 1941.	1942.	1943.
In respect of—			
Imports, excluding payments in respect of Government imports and in respect of goods imported prior to introduction of licensing system	42,015	39,623	33,103
Interest, dividends, legacies, emigrants' funds, repatriated capital, and private debts due overseas	3,935	3,782	3,643
Trade debts due overseas, including earnings in New Zealand of overseas firms and payments in respect of goods imported prior to introduction of licensing system	2,759	2,294	3,445
Government debt and other services, including payments in respect of imports	19,628	34,501	46,981
Local-body-debt services ..	3,635	1,800	2,013
Commissions, royalties, and insurance	538	549	922
Donations and allowances ..	622	606	565
Film hire and entertainments	343	226	794
Travellers' expenses ..	274	198	72
American Authorities and personnel	..	..	1,832
Unclassified	15	..	..
	73,764	83,579	93,370

* Previously included in "Unclassified."