

ASSETS

Sterling Exchange

The substantial increase of £(N.Z.)17·53 millions in the Bank's holdings of sterling exchange from £(N.Z.)48,124,989 at 31st March, 1945, to £(N.Z.)65,655,890 at 31st March, 1946, is due to the previously mentioned low level of imports in relation to export income; and also to the fact that, although large repayments of overseas debt were made during the year, part of the sterling required for this and other purposes was provided by the New Zealand High Commissioner in London from funds which he held at the beginning of the year and from amounts which were received by him during the year.

The overseas loans repaid were :—

	£(Stg.)	£(N.Z.)
5 per cent. loan due 1st January, 1946	12,886,110	16,107,638
4 per cent. loan due 1st February, 1943–63	10,505,989	13,132,487
Memorandum of Security	18,250,000	22,812,500

Advances

(1) *Marketing Organizations*.—This heading has been changed from “Marketing Department” to “Marketing Organizations” consequent upon the passing of the Wool Disposal Act, 1945. The Wool Industry Account administered by the Marketing Department has been closed, and an account entitled the “Wool Disposal Account” has been opened by the Wool Disposal Commission.

The weekly average of advances to the Marketing Department was lower by £(N.Z.)437,703 than in the previous year. The credit balances in other accounts administered by the Department often exceeded the advances outstanding and as credit balances are set off against advances for interest purposes the amount of interest received from the Department in respect of accommodation granted to individual accounts was small.

(2) *Other Purposes*.—The increase of £(N.Z.)18 millions in advances for Other Purposes from £(N.Z.)27 millions to £(N.Z.)45 millions is the result of the Bank's discounting additional Treasury bills, part of the proceeds of which were used by the Government to purchase sterling from the Bank in connection with the repayment of the amount owing to the British Government under the Memorandum of Security.

As from 22nd February, 1946, the Bank reduced to 1 per cent. per annum the rate of discount on all New Zealand Government Treasury bills taken up by the Reserve Bank. The previous rates were 1 per cent. per annum for the first £(N.Z.)5 millions outstanding, and thereafter 1½ per cent. per annum.

The rates applicable for overdrafts to the Marketing Department remained unchanged as follows :—

First £(N.Z.)5,000,000	1 per cent. per annum
Thereafter	1½ per cent. per annum

As the net amount outstanding during the year did not at any time exceed £(N.Z.)5,000,000, the effective rate has been 1 per cent. per annum.

Investments

The total of investments as at 31st March, 1945, was £(N.Z.)12·97 millions, and as at 31st March, 1946, £(N.Z.)5·19 millions, a decrease of approximately £(N.Z.)7·78 millions.

There were wide fluctuations in the Bank's holdings under this heading during the year, the peak being reached in February, 1946, when the amount held was approximately £(N.Z.)21 millions. The increases were the result principally of the Bank's purchasing stock from the Government, the proceeds of which were used by the Government to purchase sterling for the redemption of the sterling loans referred to above; the subsequent decrease was due to the fact that the Government was able to repurchase