The following figures relating to our New Zealand business show the analysis of the advances as at March under the various headings for statistical purposes and for comparison the figures for the previous year are added. For this purpose the figures have been reduced to percentages of the total advances for each of the two years :—

(New Zealand business only)	26th March, 1946. Per Cent.	26th March, 1947. Per Cent.
Farmers	39·10	34·11
Industries allied to primary production	14·72	15·75
Other manufacturing and productive industries	10·31	10·15
Merchants, wholesalers	4·24	8·15
Retailers	5·19	6·28
Transport	1·43	1·54
Local bodies, municipal authorities, public utility concerns, &c.	1·77	1·73
Stock and station agents	1·15	1·33
Hotels, restaurants, &c.	3·42	3·61
Entertainment concerns	0·50	0·39
Financial companies, societies, &c.	1·56	1·35
Religious and charitable	0·35	0·39
Professional	1·96	1·82
Private individuals	10·04	9·05
Miscellaneous	4·26	4·35

These figures show clearly that, apart from the all-round increase due to higher prices and higher costs and increased turnover, there has been a very marked increase in the requirements of the wholesale and retail trades, which together accounted for 14·43 per cent. of the total advances at March last, as against 9·43 per cent. in the previous year. The reasons for this increase have been indicated above—principally restocking at higher prices.

The increase in the advances is a normal movement in accordance with the circumstances of the times, and provides the Bank with increased revenue with which to meet its own increasing costs. It is obvious that with the large increase in deposits and a growing clientele, staff and office accommodation must increase, with proportionate increase in costs, and it is necessary that the earning-capacity of the Bank should expand correspondingly.

As an offset to the increase in the advances, the amount invested in Government loans, which was largely increased in the early years of the war to support the war loans, has been heavily reduced. This is the result of Government policy rather than any need on the Bank's part to realize the investments. As the various loans have matured the Government has paid them off, and as the trading banks are not permitted to purchase new Government loans the result is a reduction in the total of investments. The reduction in the Bank's investments in the past twelve months amounts to £2,103,979, but, as indicated by the figures above, this reduction in interest earning investments has been compensated by the increase in advances.

Finance for Private House Building under Local-body-guarantee Schemes

The arrangements mentioned in last year's report are functioning smoothly, and individual advances, totalling just on £200,000, have so far been arranged for under the various schemes set up under the empowering legislation. This will increase as private house building progresses, and is a particularly useful outlet for our long-term-mortgage funds.