Current Accounts

The rate of increase in the number of accounts as compared with the past eight years has been more than favourably maintained.

Drought Relief

Mention was made in last year's report of the conditions, arranged by the Government with the Bank to afford financial assistance up to a maximum in any one case of £200, to certain farmers in districts affected by drought.

Loans for this purpose were mainly repayable over two years, and repayments are being well maintained. This method of affording assistance to the farmers adversely affected by drought conditions has worked smoothly, and, as far as the Bank can see, quite satisfactorily.

Wool

The system under which the New Zealand wool clip was sold from the outbreak of war in 1939 was brought to a close on 30th June, 1946, when the pre-war system of sale by auction was reverted to. The large Government holdings of old wool are being included in the auctions under arrangements made by the Governments interested, these arrangements being expressly designed to avoid the dislocation of the market.

Wool auctions were resumed in New Zealand on the 18th September, 1946, and have continued throughout the season.

The return to normal trading methods has called for finance from the banks to pay for the wool from the time it is sold at auction until it is paid for by the overseas buyer. During the war years the transactions were between Governments, and wool exports were settled for without utilizing the services of the trading banks. The restoration of the market has, of course, also necessitated the revival of the system of overseas bank credits to enable the wool-buyers to obtain delivery of the wool for export. In the early part of the season some difficulties and delays occurred, mainly in the establishing of letters of credit, for which exchange permits from various overseas exchange control authorities were required, but these difficulties are being straightened out and the business is working smoothly and satisfactorily.

Our London office and our complete overseas banking arrangements, are very important factors in ensuring that we handle our proportion of the Dominion's wool export business.

Australia

Our Australian business has been well maintained, and our branches in Sydney and Melbourne are performing a very useful function which is of distinct use to our many customers who do business with Australia. Under Australian banking legislation, any increase in our Australian assets over the figure at August, 1939, has to be placed on deposit with the Commonwealth Bank. As our business has increased, we have therefore had to increase our deposit in the "Special Account," and at 31st March last it stood at £1,185,000. Interest at 10s. per cent. per annum is allowed by the Commonwealth Bank on special account balances.

Fiji and Samoa

Our branches at Suva and Apia have maintained their business, and are now feeling the influence of the return to ordinary trading. Both colonies have emerged from the war in prosperous condition, and we have had to increase the staff to cope with the volume of business.