

Advances to the State or State Undertakings

(1) *Marketing Organizations*.—Advances to these organizations at balance date totalled £(N.Z.)3,742,380. The average amount outstanding during the year on a weekly average basis was £(N.Z.)1·499 millions, an increase over the average amount outstanding during the previous year of £(N.Z.)0·433 millions.

During the year, consequent upon the passing of the Dairy Products Marketing Commission Act, 1947, the responsibility for marketing New Zealand butter and cheese passed from the Primary Products Marketing Department to the Commission set up by this Act. Overdraft accommodation is made available by the Bank to the Dairy Products Marketing Commission at the rate of 1 per cent. per annum, which rate is now applicable to the other marketing organizations. Previously $1\frac{1}{2}$ per cent. per annum was charged on any advance in excess of £(N.Z.)5,000,000.

It was mentioned in last year's report that credit balances in individual marketing accounts were set off for interest purposes against advances in other marketing accounts. This still applies to accounts controlled by the Marketing Department, but does not apply to accommodation granted to the Dairy Products Marketing Commission, the reason being that the Commission is a statutory body (with separate entity) dealing with dairy products and has no direct connection with the marketing organization administered by the Marketing Department.

(2) *Other Purposes*.—The amount outstanding on the 31st March, 1948, was £(N.Z.)38 millions, an increase of £(N.Z.)2 millions compared with the total of £(N.Z.)36 millions on the 31st March, 1947.

During the year the Bank continued to take up New Zealand Government Treasury bills at the same rate of discount as was applicable last year—namely, 1 per cent. In addition, pursuant to the power given by section 21 of the Finance Act, 1946, the Bank granted temporary accommodation from time to time during the year by way of overdraft to the Government at the rate of 1 per cent. per annum.

At 31st March, 1948, however, no overdraft was current.

Other Advances

Loan to the Government of the French Republic.—It was mentioned in last year's report that the Bank had been empowered under section 4 of the Finance Act (No. 2), 1946, upon such terms and conditions as might be approved by the Minister of Finance, to advance sums from time to time up to an aggregate of £(N.Z.)10 millions outstanding at any one time to the Governments of other countries in respect of the purchase of any New Zealand produce for export to those countries.

On the 2nd July, 1947, an agreement was signed between the Government of New Zealand and the Government of the French Republic under which the Reserve Bank of New Zealand, acting on behalf of the Government of New Zealand, was authorized to make available to the Government of the French Republic a credit amounting to £(stg.)5,000,000.

Investments

Investments increased from £(N.Z.)3·87 millions on the 31st March, 1947, to £(N.Z.)7·87 millions on the 31st March, 1948. This increase was due to the Bank taking up £(N.Z.)4 millions of a special issue of New Zealand Government stock maturing 15th March, 1962, which was issued in New Zealand in connection with the repayment in November, 1947, of the New Zealand Government loan domiciled in London of £(N.Z.)14,027,000.