(2) *Other Purposes.*—The amount outstanding on the 31st March, 1949, was £38 millions, which was the same as that outstanding on the 31st March, 1948.

During the year the Bank continued to take up New Zealand Government Treasury bills at a discount rate of 1 per cent.

As in the previous year, advances to the Government declined during the middle months of the year and increased as the year progressed, reaching £47·44 millions on the last Wednesday of December, 1948.

From January to early March, 1949, advances remained at approximately £45·5 millions, subsequently being reduced to £38 millions at the end of March from receipts of income-tax.

Other Advances

Loan to the Government of the Czechoslovak Republic.—Under the authority contained in section 4 of the Finance Act (No. 2), 1946, an agreement was signed in London between the Government of New Zealand and the Government of the Czechoslovak Republic on the 22nd January, 1948, under which the Reserve Bank of New Zealand, acting on behalf of the Government of New Zealand, was authorized to make available to the Czechoslovak Republic credit facilities up to £1,000,000 for the purchase in New Zealand of New-Zealand-grown wool.

Investments.—Investments increased from £7·87 millions on the 31st March, 1948, to £34·10 millions on the 31st March, 1949. On the 19th August, 1948, investments totalled £11·33 millions, of which £7·3 millions were held in London. Following revaluation as a result of the alteration of the rate of exchange, the latter were recorded at £5·9 millions, thereby reducing total investments in terms of New Zealand currency by £1·4 millions.

During September and October, 1948, total investments increased by £6·6 millions as a result of—

(1) The payment of £3·6 millions for purchase of stock taken up by the Reserve Bank as underwriter of the 3-per-cent. New Zealand Government stock issued in London in July, 1948;

(2) The investment in New Zealand of £3 millions in 1-per-cent. Government stock maturing 1962.

On the 13th January, 1949, the Government made a payment of £19 millions to the Reserve Bank in the form of 1-per-cent. stock maturing on the 15th June, 1959. This was made on account of the compensation due under section 4 of the Finance Act, 1934, to the Reserve Bank and the trading banks for losses incurred in the appreciation of New Zealand currency on the 19th August, 1948. Of the total of £19 millions, a sum of £17·3 millions was due in respect of the overseas assets held by the Reserve Bank itself, while the balance of £1·7 millions was a first instalment of the sum due to the trading banks in respect of overseas funds held by them on account of the Reserve Bank. This latter sum was paid in cash to the trading banks by the Reserve Bank.

An increase of £1 million in investments occurred on the 29th March, 1949, when a substantial portion of the last compensation payment was received in the form of 1-per-cent. stock maturing on 15th June, 1959.

DISCOUNT RATE

The minimum rate for the discounting of approved bills of exchange remained unaltered at $1\frac{1}{2}$ per cent.—the rate ruling since the 26th July, 1941.