Dairy Industry Account.

With the co-operation of the Primary Products Marketing Department, the trading banks in the Dominion, and the Bank of England in London the machinery of financing the dairy-produce acquired under the terms of the Primary Products Marketing Act has worked quite smoothly.

The details of the operations on the Dairy Industry Account up to the 31st March, 1937, were as follows :—

(000 omitted.)

—	Amounts advanced.	Repayments.				Balance of Advance outstanding at End of Month.
		Sterling.	New Zealand.	In New Zealand.	Total.	
1936.	£	£	£	£	£	£
August ..	70	..	..	5	5	65
September ..	1,408	..	..	9	9	1,464
October ..	2,571	198	245	24	269	3,766
November ..	1,494	666	826	39	865	4,395
December ..	3,270	1,292	1,602	29	1,631	6,034
1937.						
January ..	2,445	2,091	2,593	47	2,640	5,839
February ..	2,439	1,394	1,728	48	1,776	6,502
March ..	2,522	2,221	2,754	44	2,798	6,226

Management of the Public Debt.

On the 1st October, 1936, the management of the public debt was transferred from the Treasury to the Reserve Bank in accordance with the provisions of section 22 of the Reserve Bank of New Zealand Act, 1933. The Bank thus assumed the responsibility for another service which is generally regarded as one of the normal functions of a central bank.

The first major operation undertaken by the Bank in this connection was the issue on the 15th October last of the prospectus of the Government loan for a total of £13,930,000 in the form of either 3½-per-cent. stock or debentures, repayable 1953–57, or 3-per-cent. stock or debentures, repayable 1939–41. This loan was offered at par either for payment in cash or in exchange for holdings of New Zealand Government 4-per-cent. stock or debentures, 1937–40, amounting to £12,426,875 6s. 11d., public notice of the redemption of which on the 15th January, 1937, had been given in terms of section 15 (I) of the New Zealand Debt Conversion Act, 1932–33. The result of the issue was as follows :—

	£	£
(*a*) Conversions—		
Into 3½-per-cent. 1953–57 loan	6,634,545	
Into 3-per-cent. 1939–41 loan	2,027,855	
		8,662,400
(*b*) Cash subscriptions—		
To 3½-per-cent. 1953–57 loan	730,300	
To 3-per-cent. 1939–41 loan	2,046,650	
		2,776,950
Total of cash and conversion applications		11,439,350
Amount offered for subscription		13,930,000
Balance not taken up		£2,490,650

The amount by which the total of the cash and conversion applications fell short of the total amou for which applications were invited is accounted for as follows :—

	£	£
(i) Balance required to complete the repayment of the 4-per-cent. 1937–40 loan	987,525	
Less cash provision for redemption	26,875	
		960,650
(ii) Amount intended to be used for redemption of short-dated securities issued in connection with the repayment of the Southland Electric-power Board loans in London		1,530,000
		£2,490,650