

*Advances*

*To the State or State Undertakings :—*

- (i) *Marketing Department* : Advances under this heading show a decline of approximately £3,500,000, the amount outstanding at 31st March, 1943, being £4,219,613 3s. 2d. The average advance to the Department throughout the year was approximately £5,840,000, which was slightly higher than the 1942 average of approximately £5,735,000.
- (ii) *Other Purposes* : The figure of £31,135,000 as at 31st March, 1943, is £9,135,000 greater than the amount advanced under this heading at 31st March, 1942.

The rates for accommodation remained unchanged throughout the year as follows :—

							Per Cent. per Annum.
Marketing Department—							
First £5,000,000	..	..	..	..	..	..	1
Thereafter	..	..	..	..	..	..	1½
General Purposes Treasury Bills—							
First £5,000,000	..	..	..	..	..	..	1
Thereafter	..	..	..	..	..	..	1½

## INVESTMENTS

The large increase of £6,148,607 in the Bank's investments is due almost entirely to the taking-up by the Bank of Government Stock to enable the payment by the Government under the Memorandum of Security to be made.

## DISCOUNT RATE

The minimum rate for the discounting of approved bills of exchange has remained unchanged since 26th July, 1941, at 1½ per cent.

## EXCHANGE RATE

No alteration was made in the Bank's official buying rate for sterling, and no official selling rate was quoted.

## MANAGEMENT OF PUBLIC DEBT

During the year under review two War Loans were issued and in each case were over-subscribed.

A new feature of both these loans was the introduction of the acceptance of advance subscriptions. This is an arrangement whereby, some months prior to the opening of the next War Purposes Loan, the Bank accepts subscriptions to be applied to the purchase of Stock in accordance with the terms of the prospectus when issued. Applications are accepted for amounts of £10 or multiples thereof.

Applicants are required to specify whether long- or short-dated Stock is desired, but provided written notification is given to the Reserve Bank not later than seven days after the opening date of the particular loan, applicants may switch from long- to short-dated Stock, or *vice versa*, or they may withdraw their subscriptions. Subscriptions which are withdrawn do not bear interest, but otherwise interest accrues at the rate specified in the prospectus as from the original date of lodgment of the subscription.

*Liberty Loan*

On the 27th February, 1942, the Bank announced that it would receive advance subscriptions for the next War Purposes Loan, applications to be in accordance with the scheme as set out above.

On 4th May the Bank issued the prospectus of the Liberty Loan, which, for convenience of reference, subsequently became known as the 1st Liberty Loan, to distinguish it from the 2nd Liberty Loan, issued later in the year.

The prospectus offered £15,000,000 for public subscription in the following Stocks : 2½-per-cent. 1947 Stock ; 3-per-cent. 1952-55 Stock.

In addition, for the convenience of small subscribers, Liberty Bonds were also available. These Bonds, which could be purchased at £1 each, will be redeemed after seven years at £1 4s. each, representing interest compounded for the period at approximately £2 16s. per cent., less social and national security taxes thereon.

When the loan closed on 3rd June, 1942, a total of £17,675,000 had been subscribed, made up as follows :—

	Applications.	Amount. £
2½-per-cent. 1947 Stock .. ..	14,875	6,303,000
3-per-cent. 1952-55 Stock .. ..	15,163	11,060,000
Liberty Bonds .. ..	..	312,000
		<hr/> £17,675,000 <hr/>

As no record was available of individual purchasers of Liberty Bonds, no actual figure can be given of the number of people who purchased these Bonds, but it is probable that the figure was in excess of 60,000.

Advance subscriptions to this loan totalled £1,952,560 after allowing for withdrawals amounting to £1,650.