

*Advances to the State or State Undertakings*

(i) *Marketing Department*.—Advances under this heading declined during the year by £2,576,340 7s. 1d.

The Marketing Department has a number of accounts with the Bank. The figure given above represents the total of those accounts in respect of which advances have been made. Those accounts which have credit balances are not shown separately, but are included under the heading "Demand Liabilities—State."

During the last six months of the year under review the credit balances in the Department's accounts exceeded the advances outstanding.

(ii) *Other Purposes*.—The amount outstanding at the 31st March, 1944, is £35,885,000, this being an increase of £1.75 millions for the year.

The rates for accommodation granted to the State or State undertakings remained unchanged throughout the year, as follows:—

|                                  |    |    |    |    |    |    |    | Per Cent.<br>Per annum. |
|----------------------------------|----|----|----|----|----|----|----|-------------------------|
| Marketing Department—            |    |    |    |    |    |    |    |                         |
| First £5,000,000                 | .. | .. | .. | .. | .. | .. | .. | 1                       |
| Thereafter                       | .. | .. | .. | .. | .. | .. | .. | 1½                      |
| General Purposes Treasury Bills— |    |    |    |    |    |    |    |                         |
| First £5,000,000                 | .. | .. | .. | .. | .. | .. | .. | 1                       |
| Thereafter                       | .. | .. | .. | .. | .. | .. | .. | 1½                      |

## INVESTMENTS

The figure of £11,743,428 12s. 8d. is an increase of £1,448,593 2s. 2d. for the year. This is due almost entirely to the purchase of New Zealand Government Stock in London by the Bank in connection with the Sterling Loan totalling £7,339,656 and bearing interest at 4½ per cent. which matured on the 1st March, 1944.

A conversion offer was made for this loan, but no new cash subscriptions were invited.

Arrangements were made with the British Government, through the Bank of England, whereby any unconverted portion of the loan should be repaid on maturity date. As the unconverted portion, however, amounted to only approximately £1.3 millions sterling, the Bank provided the sterling and took up Stock to that amount.

Having regard to all the circumstances, the conversion is regarded as most successful.

## 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 major loan operations were undertaken by the Bank—the 3rd Liberty Loan and a Conversion Loan.

## 3RD LIBERTY LOAN

The Government decided that, for the financial year ending 31st March, 1944, the amount to be raised by loans would be £50 millions. Of this amount, £10 millions was estimated to become available for investment from Government Departments, leaving £40 millions to be raised by public war loans, including National Savings.

It was realized that, to obtain this sum, it would be necessary to institute a national campaign on a scale not previously undertaken, and accordingly a National War Loan Committee was set up comprising representatives from institutions and associations of a national character, with the Governor of the Bank as Chairman.

Prior to the announcement of the loan two conferences were held in Wellington, the first a conference of delegates from the District National Savings Committees, the second a conference of delegates from the Loan Committees set up in the various districts in connection with the 2nd Liberty Loan.

At these conferences it was arranged that the Committees should combine their efforts and work in conjunction with each other during the period of the loan; and as a result, very strong regional committees operated in every centre of importance throughout the country.

On 8th June the prospectus for the Loan was issued. Thirty-five million pounds was offered for subscription in the form of either—

- (1) New Zealand Government Stock authorized under the New Zealand Loans Act, 1932; or
- (2) Investment in National (War) Savings Bonds and National (War) Savings Accounts authorized in accordance with the National Savings Act, 1940.

It was anticipated that the balance of £5 millions required would be obtained through over-counter sales later in the year, or by means of advance subscriptions to the next War Loan.