

Since the end of hostilities the policy of controlling advances in certain categories has been continued and adapted to post-war conditions.

The provisions are reviewed from time to time and are communicated to the trading banks by the Reserve Bank after consultation with the Government. In order to secure the closest possible uniformity in the observance of the policy by the banks, all marginal or doubtful cases are referred to the Reserve Bank for determination as to whether the application in question is inside or outside the scope of permissible advances.

The trading banks, for their part, have always loyally and carefully co-operated with the Reserve Bank in carrying out the requirements of the policy, while the Reserve Bank deals with each case solely on merit; and to safeguard the confidential relationship between customers and their own bankers the Reserve Bank does not ask that the identity of any applicant should be disclosed.

The broad classes of advances which are subject to control are—

- (a) Advances for speculative purposes.
- (b) Purchases of real property.
- (c) Purchase of investments.
- (d) Advances for other capital purposes—*e.g.*, construction and extension of industrial and commercial premises and plant.
- (e) Repayment of mortgages.
- (f) Advances to finance hire-purchase and other credit sales.
- (g) Advances for luxury purposes.

Some exceptions, where justifiable, are made under some of the headings, after reference to the Reserve Bank, but as a general rule the requirement is that finance for the above purposes, including those which are beneficial and essential to the community, should be financed from the available money which is already in existence, and not from any fresh creation of credit.

### GENERAL

Without in any way underestimating the value of credit and currency control as an indispensable factor in the maintenance of economic stability and progress, it is nevertheless an even more fundamental fact that high standards of living are derived not from money itself, but from the quantities and qualities of goods produced and services rendered. These depend on the utilization and conservation of the real resources of soil, forests, mineral wealth, and capital equipment; the effectiveness of this utilization of real resources depends on the energies of the people as a whole and their pride in performing good work, and good administration of work, according to their functions in the economic structure. These qualities produce a growing productive efficiency, and therefore an increasingly high standard of living, when coupled with the intelligent organization of industry, trade, employment, and finance, the maintenance of industrial peace, and the promotion of measures to encourage constructive co-operation between all people who have dealings with each other, whether nationally or internationally.

### STAFF

In conclusion, the Board takes this opportunity to express its appreciation of the willing and efficient service rendered by the whole staff during the year under review.

For and on behalf of the Board of Directors :

W. L. WARD, Governor.  
E. C. FUSSELL, Deputy Governor.

27th June, 1947.

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NOTE.—Where figures are given to a certain degree of approximation the total shown may not be the same as the sum of the items.