

New Zealand Government Securities (£6,998,267).—These show a reduction of £2,192,809, accounted for by the redemption of stock which matured during the year.

The New Zealand Government's policy of not permitting the trading banks to invest in Government loans still applies, and the effect can be clearly seen in comparative figures previously quoted in this report. The reduction in these securities since the peak was reached in 1944 is £10,422,427.

Australian Government Securities (£609,894) show a decrease for the year of £164,597, which is accounted for by the sale of £200,000 Commonwealth stock and by repayments at maturity and variation of Australian funds in relation to New Zealand currency.

Fiji Government Securities (£158,251).—There has been no variation during the year.

Municipal and Other Local-body Securities (£1,070,695).—A decrease of £94,740, due mainly to repayments at maturity.

As mentioned in previous years, in accordance with Government policy, the trading banks are not at present investing in local-body loans.

| | | | | | | | |
|---|----|----|----|----|----|----|--------------------|
| <i>Other Advances and Securities and Debts Due to the Bank</i> (after deducting provision for bad and doubtful debts) | .. | .. | .. | .. | .. | £ | 36,425,718 |
| Bills Discounted | .. | .. | .. | .. | .. | .. | 1,122,169 |
| | | | | | | | <u>£37,547,887</u> |

These items show an increase on last year's figures of £949,784 and £251,857 respectively, a total increase of £1,201,641; but as previously mentioned in this report, there was a lower level of advances throughout the year. The increase in bills discounted is casual, due to a temporary increase in import bills.

Advances to customers in New Zealand at 31st March, 1950, show a very small increase of £104,924 compared with figures at the same date last year.

The percentage distribution of our advances in New Zealand amongst the various types of business is shown in the following table:—

| | 1946. | 1947. | 1948. | 1949. | 1950. |
|---|-----------|-----------|-----------|-----------|-----------|
| | Per Cent. | Per Cent. | Per Cent. | Per Cent. | Per Cent. |
| Farmers | 39·10 | 34·11 | 25·47 | 25·58 | 22·29 |
| Industries allied to primary production | 14·72 | 15·75 | 14·47 | 18·01 | 19·34 |
| Other manufacturing and productive industries | 10·31 | 10·15 | 13·04 | 16·12 | 15·55 |
| Merchants, wholesalers | 4·24 | 8·15 | 11·78 | 7·08 | 9·23 |
| Retailers | 5·19 | 6·28 | 8·68 | 7·53 | 7·80 |
| Private individuals | 10·04 | 9·05 | 8·35 | 8·30 | 8·92 |
| All others | 16·40 | 16·51 | 17·21 | 17·38 | 16·87 |

The downward trend in advances to farmers which has been noted in previous reports has continued over the last twelve months. Not only is this due to the higher prices obtained for produce, particularly wool, but also to the Reserve Bank policy of advance control, which has restricted the customary functions of the banks in financing purchasers into properties and providing accommodation for capital expenditure on farms. As a result, the business of our rural branches, established to provide an essential service to the farming community, is being adversely affected.