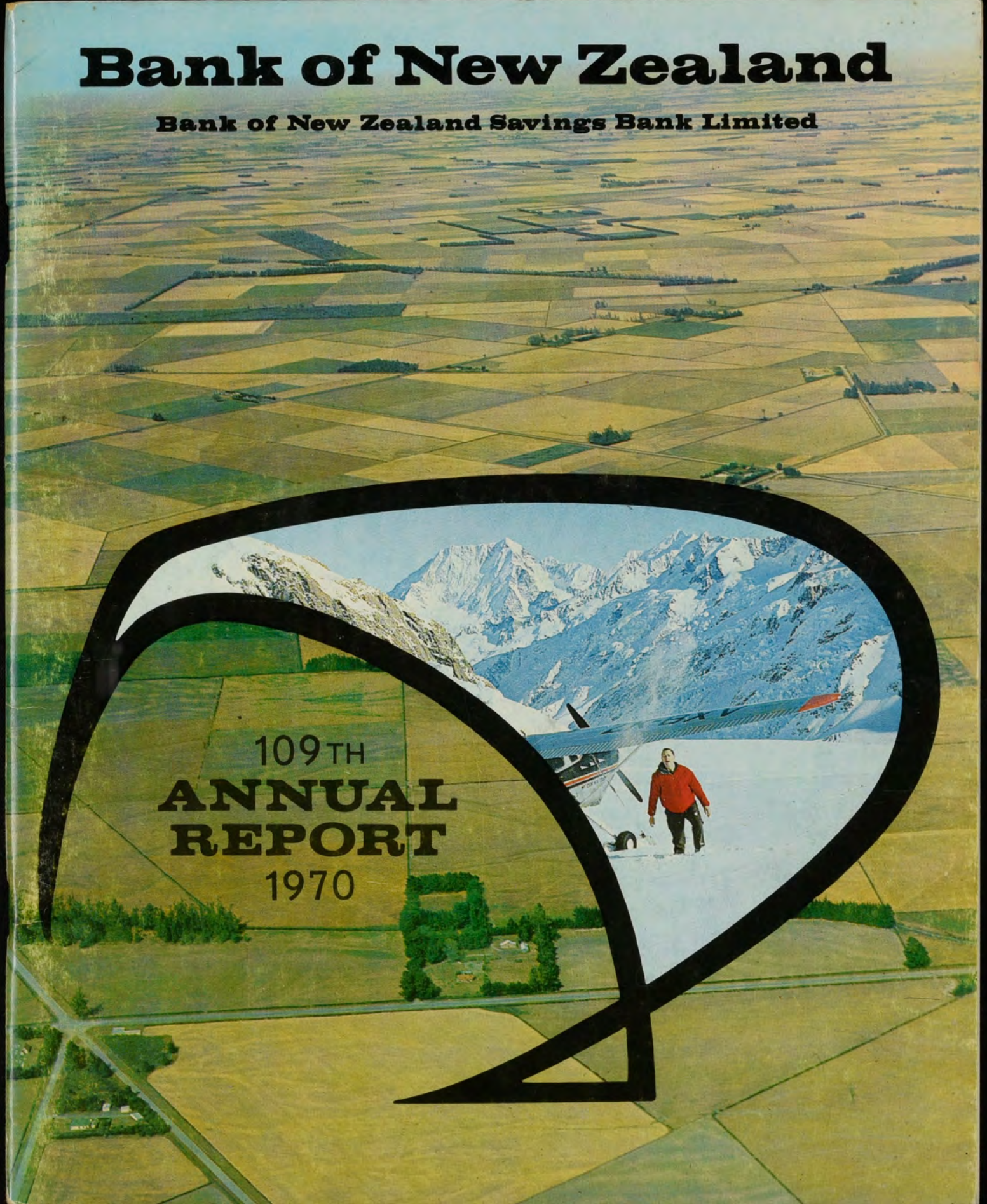


Bank of New Zealand

Bank of New Zealand Savings Bank Limited

109TH
**ANNUAL
REPORT**
1970





BOARD OF DIRECTORS, 1970

LEFT TO RIGHT

B. H. Smith (Deputy General Manager); D. J. Ewert, M.C.; J. W. Clark; W. G. V. Fernie, c.B.E.;
J. F. Earnshaw (General Manager); D. J. M. Alexander (standing—Secretary to the Board);
D. O. Whyte, c.B.E., (Chairman); F. S. Taylor (Deputy Chairman); L. N. Ross; G. A. Chapman;
P. W. Barlow (Chief Auditor).

FRONT COVER

A Tourist stands beside his Ski Plane on the Tasman Glacier, Mount Cook.

The fertile Canterbury Plains, which form a background to this composite picture, make an interesting landfall for travellers prior to arriving at Christchurch International Airport.

The stylised Kiwi is a symbol adopted by the New Zealand Manufacturers' Federation to identify New Zealand made products.

Bank of New Zealand

INCORPORATED BY ACT OF THE GENERAL ASSEMBLY, 29th JULY, 1861

Bank of New Zealand Savings Bank Limited

WHOLLY OWNED SUBSIDIARY OF BANK OF NEW ZEALAND



109th

ANNUAL REPORT

FOR YEAR ENDING 31st MARCH, 1970

HEAD OFFICE

WELLINGTON
P.O. BOX 2392

NEW ZEALAND
TELEX MONARCH NZ 3345

BOARD OF DIRECTORS

D. O. WHYTE, C.B.E., (CHAIRMAN)

F. S. TAYLOR (DEPUTY CHAIRMAN)

G. A. CHAPMAN

J. W. CLARK

W. G. V. FERNIE, C.B.E.

L. N. ROSS

D. J. EWERT, M.C.

CHIEF EXECUTIVE OFFICER

J. F. EARNSHAW (GENERAL MANAGER)

ANNUAL REPORT

Report of the Directors

to the Honourable the Minister of Finance

for the Year Ended 31st March, 1970

DISTRIBUTION OF PROFITS

1969		1970
\$2,303,575	Consolidated net profit for the year after providing for taxation is	\$2,786,382
854,315	Balance brought forward	839,453
\$3,157,890		\$3,625,835
	From which Interim Dividends have been paid:—	
	Ordinary Shares 6%	\$450,000
	A Preference Shares (Final)	100,000
	B Preference Shares	75,000
	C Long-Term Mortgage Shares	14,063
	D Long-Term Mortgage Shares	35,156
499,219		674,219
\$2,658,671	Leaving available	\$2,951,616
	From which the Directors recommend payment of dividend:—	
750,000	Ordinary Shares 9% (making 15% for the year)	\$675,000
300,000	B Preference Shares	312,500
14,062	C Long-Term Mortgage Shares 6% p.a.	14,063
35,156	D Long-Term Mortgage Shares 7½% p.a.	35,156
720,000	Transfer to Reserve Fund	1,025,000
\$1,819,218		2,061,719
\$839,453	Balance to be carried forward	\$889,897

A Review of the New Zealand Economy

Introduction

New Zealand over the year ended 31st March 1970 has significantly improved its rate of economic growth and at the same time has increased its external payments surplus. Overseas reserves have increased—and are now well above the low levels prevailing several years ago; at the same time a substantial volume of short term Government overseas debt has been repaid. The economy is gradually becoming less dependent on its traditional pastoral exports, with foreign exchange receipts from manufactured exports and tourism growing strongly. Exporters are vigorously and successfully exploiting new markets, particularly in the Pacific area. On the other hand concern must be expressed over the continued existence of severe labour shortages, marked price increases and the unsatisfactory state of wage negotiating procedures.

Gross Domestic Expenditure

The New Zealand Institute of Economic Research estimates that Gross Domestic Expenditure rose by 9.0% in 1969/70 and will rise by 10.5% in 1970/71. These increases mark a return to more satisfactory rates of growth after the sharp cut-backs experienced over the three previous years.

CHANGES (%) IN GROSS DOMESTIC EXPENDITURE

March Years	G.D.E.
1965-66	+11.4
1966-67	+ 3.2
1967-68	+ 2.3
1968-69	+ 4.2
1969-70*	+ 9.0
1970-71*	+10.5

*Estimates by N.Z.I.E.R.

In spite of the relatively high rate of growth projected for 1970/71, the N.Z.I.E.R. in its quarterly Report of April 1970 predicted that there would be a small external payments surplus in that year.

External Receipts and Payments

During the year ended March 1970, current foreign exchange receipts rose by 17% to total \$1,286 mill. This increase more than offset higher import and other current payments with the

result that a current account surplus of \$78 mill. was achieved—significantly better than the \$45 mill. surplus achieved in the year ended March 1969.

Receipts from meat, which rose from \$298 mill. to \$390 mill., accounted for half of the \$190 mill. rise in total current receipts. Receipts from wool also increased substantially from \$213 mill. to \$233 mill. despite a decline in prices. The average auction price for wool during the current season is expected to be just over 25 cents per lb., almost 3 cents below last season's average price. Thus the increase in receipts was due largely to sales from the Wool Commission stockpile, which was reduced from 525,400 bales in March 1969 to 335,500 bales in March 1970. The disposal of so considerable a quantity can be regarded as highly satisfactory.

While exports of manufactured goods are still a relatively small proportion of total exports, significant increases have taken place since devaluation. These increases also reflect the successful implementation of the New Zealand-Australian Free Trade Agreement (N.A.F.T.A.) as well as the various export incentives which have been introduced in recent years.

EXPORTS (F.O.B.) BY NEW ZEALAND MANUFACTURERS (\$ Mill.)

Years ended March	1966-67	1967-68	1968-69	1969-70
Forest products	20	25	36	41
Food	3	4	8	15
Petroleum products	5	4	6	6
Textiles	1	3	9	13
Chemicals	2	3	5	6
Machinery	3	5	9	13
Other	6	9	17	22
Total	40	53	90	116
% Total Exports	5.0	6.7	9.4	10.3

Another rapidly growing, although still relatively small, source of foreign exchange receipts is tourism. In the year ending March 1970 tourist arrivals, excluding short stay visitors, totalled 119,000, approximately double the total achieved five years ago. In the same period foreign exchange receipts from travel have increased from \$13 mill. to \$26 mill. These figures are conservative since they exclude foreign exchange earnings accruing to New Zealand from transporting overseas visitors.



ABOVE An aerial view of the Newmarket Viaduct, Auckland, showing Newmarket in the foreground, Cornwall Park, One Tree Hill in the middle background and the Manukau Harbour in the far distance.

LEFT Skyway Gondola, Queenstown.

BELOW Her Majesty Queen Elizabeth II presenting a silver tray to Mr H. E. Holmes, owner of the 1969 Royal Show all breeds beef cattle champion. The animal, a massive Hereford bull, took part in the parade of Royal Show champions for the benefit of the Royal visitors at the agricultural and pastoral show held at Invercargill.





It is possible to boat a big game fish, land a rainbow trout and shoot a deer all within 24 hours—in fact the feat was recently achieved in 4 hours 12 minutes!

ABOVE

Trout fishing on the Tongariro River.

RIGHT

Chamois shot in the Southern Alps by an overseas visitor.



LEFT

A big game fishing launch off Cape Brett returning home with a sword fish.

Total import payments have risen steadily since mid-1968. At \$848 mill. for the year ended March 1970 they were \$103 mill. higher than for the year ended March 1969. The fact that imports, in spite of a fairly substantial increase in domestic stocks, have remained at moderate levels reflects a number of influences of which devaluation (through altering the price relationship between imported and domestically produced goods) has been the most important. In the present import licensing year ending June 1970,

some 55% of imports have not required an import licence and this proportion is expected to rise to 66% next year.

Overseas Reserves

During the year ended March 1970, official overseas indebtedness (including drawings from the I.M.F.) was reduced by \$60 mill. Since December 1967 this indebtedness has been reduced by \$148 mill.

New Zealand Official Overseas Reserves
(\$ Mill.)

As at March	Assets of NZ Banking System	Treasury held Overseas Securities	Other Govt.-held Overseas Securities	Gold	Reserve Position I.M.F.	S.D.R. (I.M.F.)	Total
1966	116	62	13	—	—	—	191
1967	116	57	13	—	—	—	186
1968	200	77	15	—	—	—	292
1969	183	81	15	1	—	—	280
1970	205	88	16	1	—	24	333

INTERNAL CONDITIONS

Building

Although there were fairly significant regional variations the general trend over the year in the building industry was for a high level of non-residential building activity and for only moderate levels of activity in residential building. This latter trend primarily reflects the slower rate of population growth.

Retail and Wholesale Trade

Retail trade has been buoyant throughout the year. For the April-Dec. 1969 period retail turnover was 9% above the corresponding period in 1968.

Wholesale turnover has increased even more rapidly than retail turnover. In the June, Sept. and Dec. quarters of 1969, wholesale sales increased by 16.4%, 13.2% and 11.0% respectively over the corresponding periods in 1968.

Farm Production and Incomes

The volume of farm production rose by 2.3% during the year ended June 1969 and is forecast to show a decrease in the current year—largely

reflecting the fall in dairy output caused by drought. In the three preceding years farm production increased by 5.8%, 3.5% and 2.9% respectively. The continued downward trend in the rate of increase in farm output is in marked contrast to the rapid increase achieved in the mid-sixties. The main reason for the decline over recent years is the falling rate of farm profitability as shown in the table below and the consequent decline in farm investment. The only significant departure from this trend has been in beef production which has, mainly reflecting relatively high prices, shown substantial annual increase and currently constitutes approx. 17% by value of total farm production.

March Years	Farm Income (\$ Mill.)	% Natl. Income
1963/64	315	11.5
1964/65	320	10.7
1965/66	330	10.2
1966/67	305	9.1
1967/68	290	8.4
1968/69	325	8.8
1969/70*	310	7.7

*N.Z.I.E.R. estimate
Source: National Income Accounts.

From a national point of view recent trends in farm output, profitability and investment are matters of concern. If these trends are not reversed the prospects of achieving the farm production and farm export targets set by the National Development Conference are distinctly unfavourable. Nevertheless, measures to stimulate farm output must be selective. It is only those products which can be profitably disposed of in overseas markets whose production should be encouraged.

Employment, Costs and Prices

Over the last year shortages of labour have markedly increased. Registered unemployed fell from 2,885 (0.3% of the labour force) in March 1969 to 1,326 (approximately 0.1% of the labour force) in March 1970, whilst in the same period notified vacancies increased from 3,578 to 4,988. The employment situation has in fact reverted to the position which obtained for most of the post war period until 1967.

In the year ended March 1970 the Consumers' Price Index rose by 4.8% which compares with increases of 5.5% and 5.0% in the two preceding years. In the period prior to 1967 the Consumers' Price Index increased on average by about 3% each year. Higher rates of increase were to be expected in view of devaluation and Government fiscal measures in 1967 and the 5% general wage order in 1968, but it was hoped that a more moderate rate of price increase would eventuate in 1969. This belief appeared to be justified since the annual rate of price increase fell from 5.5% in the year ended March 1969 to 4% in the year ended December 1969, but this trend was reversed in the March quarter of 1970, due mainly to increases in wage and other costs of business.

Whilst it is true that the rate of inflation in New Zealand is no more pronounced and in some cases less pronounced, than in other comparable countries, the position is nevertheless a serious

one. The widely held view that the ill effects of currency depreciation are substantially ameliorated, or perhaps indeed eliminated, if inflation is proceeding at much the same rate abroad, is superficial and subject to marked qualifications. For this country, it is an unfortunate fact that in such conditions of world wide inflation, the prices of agricultural products tend to lag behind those of other commodities. Therefore, unlike many manufacturers, traders generally and well organised groups of wage and salary earners, primary producers tend to be caught in the cost/price pincers. The position of the farming community has been aggravated by lower production arising from the drought, which affected large areas of the country in the summer of 1969/70. Some other sections of the community have also, because of recent price increases, found their relative position worsening even more rapidly than has been the case in so called normal circumstances. The main group so affected is comprised of the large number of people on fixed or relatively fixed incomes.

It has always been axiomatic that the greatest single factor determining economic conditions in New Zealand is the profitability of our farming industry. If this profitability is to continue to be eroded by increases in costs at the rate which has obtained in recent months a sharp reduction in the general high level of prosperity enjoyed by the country as a whole is inevitable. Moreover rising farm costs will make more difficult the adjustments which will be required if the United Kingdom joins the European Common Market.

New Zealand is thus confronted with two urgent tasks; first, the need to bring costs under firm control, and second, the need to bring about a better balanced labour situation. These are interlocking problems of a complex and difficult kind. Their solution will require the greatest co-operation and restraint on the part of all sections of the community, as well as skilful guidance and determined action by the Government.

MONETARY POLICY

Last year's annual report stated that the Monetary Authorities were engaged in a comprehensive review of monetary policy. This review stemmed partly from representations by the trading banks and from recommendations by the Monetary and Economic Council, but another important factor was the growing dissatisfaction in official circles with the system of monetary controls, which had been in operation for a considerable number of years. The views expressed at the National Development Conference held in May 1969 also underlined the need for changes in this system.

It was not until the July 1969 Budget that some of the changes in monetary policy resulting from the official review were announced. The primary aim of the changes, revealed in the following extract from the Minister of Finance's Budget statement, was to improve the efficiency of the financial system.

"A fundamental prerequisite of economic development in New Zealand is that the monetary system should function efficiently. The drive for a higher level of savings will be of little use unless these savings can be utilised by the sectors in which expansion and investment is desirable. The Government considers that at present there are elements in the monetary system which reduce the effectiveness of monetary policy and encourage the flow of funds through expensive and inefficient channels."

The Government gave practical expression to its objective by measures which have allowed the trading banks to compete more effectively for time deposits. Controls on interest rates payable on such deposits were abolished, except in respect of deposits up to \$25,000 where a ceiling of 4.25% was to apply. Simultaneously the controls limiting the holdings of Government securities by the banks were also abolished and they were permitted to purchase Treasury Bills, which were issued to the public for the first time shortly after the Budget. These improved investment opportunities provided the banks with the necessary incentive to compete for short and medium term

investment funds. As a result of their active competition in this field, total bank time deposits rose from \$178 mill. at the end of July 1969 to a peak figure of \$301 mill. at the end of February 1970. The end March 1970 total \$231 mill., compares with \$165 mill. in March 1969 and \$137 mill. in March 1968.

Apart from enabling banks to compete vigorously and effectively for deposits, the changes in monetary policy announced in the Budget had other beneficial consequences. First, depositors gained from a much more competitive situation and the wider choice of outlets for their surplus funds. Second, the ability of banks to purchase Government securities and Treasury Bills strengthened the market for Government securities and at the same time reduced the Government's dependence on the Reserve Bank for meeting its short term requirements. In time a much broader market in Government securities should develop and this will undoubtedly mark a further improvement in New Zealand's financial structure.

The Bank of New Zealand's competitiveness has been amply demonstrated in the post Budget period and its share of trading bank deposits averaged 39.3% in March 1970 as compared with 38.4% in the four preceding years. This gain is largely due to the efforts of branch personnel who responded with vigour and enthusiasm to the new opportunities facing them.

The freedom for banks to purchase Government securities also necessitated other policy changes, mainly of a technical nature. Prior to the Budget non-priority advances (i.e. excluding those to exporting interests) were strictly controlled by a system of targets which were set for two-monthly periods for the banking system as a whole. If the targets for non-priority advances were exceeded, the reserve ratios (i.e. statutory reserve deposits at the Reserve Bank) were so adjusted that the banking system was forced to borrow (at 7%) from the Reserve Bank an amount equal to the excess over targets. Under this system banks had no free cash since the reserve ratios were adjusted to absorb any surplus cash in the system even if there were no

penal borrowing due to targets being exceeded. By definition a system which almost always absorbed the whole of the banks' cash and in addition enforced penal borrowing, allowed no freeboard for investment in Government securities without which the banks would have had no incentive to compete strongly for time deposits.

In October 1969 a new system for controlling bank lending was accordingly introduced, of which the following were the main features:—

- (a) Statutory reserve ratios would not in normal circumstances be raised above 8% of demand and 3% of time deposits.
- (b) Each bank would be given month by month a target for non-priority advances, the target to be based on each bank's average percentage share of non-priority advances over the previous four years and applying such percentage to the all banks' target.
- (c) The target of any individual bank calculated as above would be adjusted upwards or downwards to the extent that its percentage share of all banks' deposits exceeded or fell short of its average percentage over the previous four years.

The new system, although it has operated reasonably satisfactorily, nevertheless suffers from inherent weaknesses, amongst which the most serious are the reduction in competition between banks, distortions in the pattern of bank lending and technical deficiencies. These weaknesses could become more pronounced with the passage of time. The Monetary Authorities, therefore, are currently seeking to replace the present stop gap scheme by adapting to New Zealand conditions a liquidity convention system which has proved its effectiveness overseas.

Bank 7% penal borrowing from the Reserve Bank has ranged between \$22 mill. and \$13 mill., a monthly average of \$17 mill. Bank of New Zealand penal borrowing has averaged \$2 mill. monthly, a relatively low proportion of the total.

Bank Advances and Term Loans

Over the year total bank advances rose from \$565 mill. to \$627 mill., an increase of 11%—priority advances rose by \$30 mill. (14%) and non-priority advances by \$32 mill. (9%). In the last five years, a period in which Gross National Product rose by 36% total bank advances have

risen by \$130 mill. (26%). Priority advances increased in this five year period by \$76 mill. (43%) and non-priority advances by \$54 mill. (17%).

Over the last year trading bank term loans (including export loans) have as a result of official controls, remained at an unchanged level—\$23 mill. Permission to make term loans was first given in 1963. By March 1967 term loans totalled \$18 mill. and since then the ceiling has been increased by only \$5 mill. Particularly in view of the demands of manufacturers and the relative lack of development of the capital market in New Zealand, a less restrictive official policy in regard to term loans would markedly further the achievement of national economic growth targets.

Bank Liquidity

One of the features of trading bank operations in recent years which has caused concern to both the Monetary Authorities and the trading banks, has been the illiquid position of the banking system over the March tax period. In part this situation has resulted from the payment of a substantial proportion of the total tax in a very short period of time.

This bank has consistently maintained a strong liquid asset position in March and an even stronger position in the remainder of the year. Over the last year the Bank of New Zealand's holdings of liquid assets (which include Net Overseas Assets, Treasury Bills and short dated Government securities) have averaged 40% of total deposits.

This is a very high level by comparison with the liquidity ratios customarily observed by banks of standing overseas. The bank of course, accepts the fact that the canons of good banking require the maintenance of an adequate ratio of liquid assets at all times. However, when an unduly high level results from the operation of monetary policy, this cannot do other than restrict undesirably the capacity of the bank to service its customers.

Conclusion

The changes in official policy effected during the financial year under review represented a marked step forward in monetary management in New Zealand. Many problems, however, remain. For instance the officially imposed ceiling on the

average overdraft interest rate means that the banks' lending rates continue to be out of line with those in other fields. Then again there is an arbitrary distinction between priority and so called "non-priority" advances. It will become increasingly difficult to reconcile continued strict controls on the latter class of advances and on term loans with efficient financial management of an expanding economy. Nor would it be particularly satisfactory in the longer run, if virtually the only avenue for the investment of the increased funds attracted to the banks as term deposits were to be

relatively low yielding Government securities—the primary economic function of trading banks is to meet the needs of trade and industry and the private sector generally. The anomalies and distortions arising from these restrictions inevitably mean that the contribution of the banks to economic welfare is lower than it otherwise would be. Nevertheless in the light of the improvements which have already taken place, it appears not unreasonable to hope that steady progress will continue to be made towards resolving some of these problems.

The Business of the Bank

Accounts, Deposits and Advances

The Bank has expanded its business in New Zealand and overseas during the year. Good growth has been recorded in the number of cheque accounts and the Bank has again obtained a very satisfactory share of the increase in the total deposits of the banking system in New Zealand.

There has been a continuing strong demand for advances in line with increased business activity. Therefore, in order to comply with official policy the Bank in common with other banks has had to restrict its lending quite severely particularly in categories other than those directly concerned with the production of goods for export.

International Division

The Bank through its International Banking Division is giving full support to the country's export drive. Its Trade Enquiry service has been further improved and has materially helped exporters open up new markets and expand existing ones. Export displays at several branches have highlighted exporters' achievements, especially in the manufacturing field. Senior personnel from the Division have addressed Export Seminars in the main cities.

During the year the Bank has received visits

from a number of prominent bankers and representatives of overseas interests. In a number of cases contacts have been arranged with New Zealand concerns to the advantage of all parties.

Officers of the Division have also travelled widely overseas, and increased business has resulted.

The Bank opened a Representative Office in Tokyo during the year, thus recognising the growing importance of New Zealand's trade with Japan. An experienced executive officer of the Division was appointed to this important post.

Continued use has been made of our Produce Department facilities for the shipment of primary produce, mainly wool, meat and opossum skins, to the United Kingdom.

Electronic Data Processing

The conversion of our 192 branches in New Zealand to computer was completed during the year. This operation commenced in 1966. November 1969 will be regarded as a milestone in New Zealand banking history for by the end of that month all branches of all trading banks within this country had converted to the computer system originated by the Bank of New Zealand. This integration of the trading banks into one computer network on a national basis has, it is believed, no parallel elsewhere. Conditions are now favour-

able for further development this year of the Money Transfer Services announced in 1969. These new services, complementing the popular and long established cheque system, will give New Zealand probably the most advanced payments system in the world.

The latest techniques in work study and measurement have now been applied to our operations to ensure that we obtain maximum efficiency from our resources.

Bank of New Zealand Savings Bank Limited

Since its establishment in October 1964 this wholly owned subsidiary has been a popular depository for small savings in New Zealand. Deposits now total \$118 million, an increase during the year of \$14 million. While \$99 million of these funds are required to be invested in N.Z. Government securities, the Savings Bank increased by \$4 million its mortgage lending and investments in Local Authority Stocks.

The business of the Savings Bank continues to expand through our nation-wide coverage despite strong competition.

Net profit has again shown a satisfactory increase.

A call of 50 cents per share was made on uncalled capital thus increasing the paid up capital by \$500,000 to \$1,000,000. As part of this operation the dividend to the parent bank was raised from \$50,000 to \$325,000 with the major proportion of the funds being re-invested in the subsidiary.

Premises

New buildings were completed at Balclutha, Murchison, Ngatea and Picton, and the new building for Nelson branch is nearing completion. A new 14 storey building in Sydney should be ready for occupation towards the end of this year.

BNZ Nominees Limited

Customers, both in New Zealand and overseas, continued to use this new company to facilitate investment and other security transactions.

BNZ Share Registry Department

This new department is offering a computerised share registry service and is gaining new business at a very satisfactory rate.

BNZ Finance Company Limited

This public company in which the Bank has a 40% shareholding has continued its development. The dividend received by the Bank for the year ended 31st March 1969 amounted to \$36,000.

The company reports direct to its own shareholders.

Bank of Western Samoa

The paid-up capital of the Bank of Western Samoa was increased during the year to WS\$500,000, the amount being held in the same proportions as formerly i.e. 45% by the Government of Western Samoa and 55% by the Bank of New Zealand. The Bank continued to make good progress.

Sponsorships

Further grants totalling \$16,000 were awarded to medical research workers during the year. Since 1961 when the Bank established its Medical Research Fund, 79 awards totalling \$182,000 have been made.

The Bank has continued to provide, by way of sponsorships, assistance to the New Zealand Federation of Young Farmers' Clubs and to cadets attending the Telford Farm Training Institute.

The Katherine Mansfield Short Story Awards were extended to provide an award to a secondary school student in addition to the awards for open competition and to a young writer under 25 years of age.

Staff

It is specially gratifying to the Board to place on record its appreciation of the manner in which our staff is responding to the challenges associated with new and far reaching developments in banking.

The Bank continues to place great emphasis on staff training and the enlargement of its officers' experience both in New Zealand and abroad.

Board of Directors

The sudden death of Mr J. D. G. Duncan on 6th July 1969 was keenly felt by the Board and Senior Executives of the Bank. He became a member of the Board in 1957, was appointed Deputy Chairman in 1961 and Chairman in 1964. Mr Duncan had a deep personal attachment to the Bank and drew without stint on his outstanding abilities in furthering its interests. His period as Chairman was a notable one.

Mr D. O. Whyte, C.B.E., who has been a member of the Board since 1966 was appointed Chairman in succession to the late Mr Duncan.

Mr D. J. Ewert, M.C., of Rotorua was appointed to the Board for a three year term from 21/7/69.

Mr J. W. Clark was re-appointed for a further term of three years from 1/4/70. Mr S. E. Wilson's term as Local Director, Sydney, was extended for a further 12 months to 31/3/71.

* * *

The accompanying Balance Sheet and Accounts show that the Bank experienced a very favourable year. Increased income from the higher volume of overseas exchange transactions and greater interest earnings in New Zealand and abroad were the main reasons for the improved results.

The Bank is well placed to play its part in the continuing development of New Zealand.

For and on behalf of the Board of Directors,

D. O. WHYTE, CHAIRMAN.

HEAD OFFICE,
BANK OF NEW ZEALAND,
10th June, 1970.



NELSON BRANCH

The Bank of New Zealand's first branch in Nelson was opened in 1862 and to retain a link with the past, the capital of one column of the previous building erected in 1870 and a small quantity of the original stone have been re-used in this new three storey building, but in all other respects design is right up to the minute.

Bank of BALANCE SHEET

BALANCE

AS AT 31st

1969		1970
	CAPITAL—	
<u>\$14,062,500</u>	Authorised Capital	<u>\$14,062,500</u>
	Capital Subscribed and Paid Up—	
7,500,000	Ordinary fully paid \$2 Shares	7,500,000
1,000,000	Preference A fully paid \$2 Shares	1,000,000
2,750,000	Preference B fully paid \$2 Shares	2,750,000
468,750	C Long Term Mortgage fully paid \$2 Shares	468,750
937,500	D Long Term Mortgage fully paid \$2 Shares	937,500
<u>\$12,656,250</u>	Total Paid Up Capital	<u>\$12,656,250</u>
12,500,000	Reserve Fund	13,500,000
782,756	Profit and Loss Account	824,767
<u>\$25,939,006</u>	Total Shareholders' Funds	<u>\$26,981,017</u>
391,011,565	Deposits	421,375,532
25,663,176	Balances Due to Other Banks	22,330,746
30,276,479	Bills Payable and Other Liabilities (including Provision for Contingencies)	31,560,825
3,266,714	Provision for Taxation	4,598,493
1,099,218	Provision for Final Dividend	1,036,719
2,975,540	London Office and Other Overseas Branches Acceptances	3,269,944
<u>\$480,231,698</u>		<u>\$511,153,276</u>

All assets and liabilities are expressed in New Zealand currency.

LONG TERM

LONG TERM MORTGAGE FUND—		
\$1,406,250	Capital	\$1,406,250
435,914	Transfers from Bank	651,598
<u>\$1,842,164</u>		<u>\$2,057,848</u>

New Zealand AND STATEMENTS

SHEET

MARCH, 1970

1969		1970
	ASSETS	
\$45,321,107	Cash on hand and Deposits with Bankers	\$28,083,435
2,155,107	Balances Due by Other Banks	6,416,364
6,586,005	Bills Receivable in London	7,112,135
26,173,877	Money at Call and Short Notice, Government Securities and other Securities in London	29,043,556
9,249,879	Money at Call and Short Notice, Government Securities and other Securities in Australia	8,903,012
1,636,598	Securities of, or Guaranteed by Fiji Government	1,926,411
39,900,772	Securities of, or Guaranteed by New Zealand Government	63,097,764
1,490,800	New Zealand Local Body Securities	1,472,800
49,391,491	Remittances in Transit Between Branches	46,846,371
16,224,260	Bills Discounted	15,813,021
259,561,349	Loans and Advances to Customers and Other Debts Due to the Bank (Less Provision for Bad and Doubtful Debts)	278,327,591
1,842,164	Long Term Mortgage Loans	2,057,848
500,000	Shares in Bank of New Zealand Savings Bank Limited—Wholly-owned Subsidiary	1,000,000
818,212	Shares in Other Companies	1,025,557
16,404,537	Bank Properties and Equipment	16,757,467
2,975,540	Liabilities of Customers for Acceptances per Contra	3,269,944
<u>\$480,231,698</u>		<u>\$511,153,276</u>

MORTGAGE DEPARTMENT

\$1,842,164	Loans	\$2,057,848
<u>\$1,842,164</u>		<u>\$2,057,848</u>

PROFIT AND

FOR YEAR ENDED

1969		1970
\$9,414,462	Salaries and Allowances	\$9,792,957
27,783	Directors' remuneration, including London Board and Local Directors in Australia	24,573
6,418,033	General Expenses	6,704,282
12,981	Audit Expenses	13,071
3,129,222	Provision for income, land and other taxes in New Zealand and elsewhere	4,598,885
2,028,264	Net Profit for the year carried down	2,427,949
<u>\$21,030,745</u>		<u>\$23,561,717</u>

\$499,219	Interim Dividend paid	\$674,219
1,099,218	Provision for Final Dividend	1,036,719
500,000	Transfer to Reserve Fund	1,000,000
782,756	Undistributed profits carried forward to Balance Sheet	824,767
<u>\$2,881,193</u>		<u>\$3,535,705</u>

RESERVE

1969		1970
\$12,500,000	Balance	\$13,500,000
<u>\$12,500,000</u>		<u>\$13,500,000</u>

I, PETER WILLIAM BARLOW, the Chief Auditor of the Bank of New Zealand, do hereby certify:—

1. That, having carefully examined the foregoing balance sheet and statements, I am satisfied that they have been correctly compiled from the books and accounts of the Bank.

2. That I am also satisfied that the said balance sheet is a full and fair balance sheet, properly drawn up, and exhibits a true and correct view of the state of the Bank's affairs at the date thereof.

3. That I have verified so much of the cash, investments, securities and assets of the Bank as at the date of the said balance sheet were held at the Head Office, in Wellington, and have had access to certified returns of so much thereof as were then held at the various Branches and Agencies of the Bank, or were then in transit.

DATED this 20th day of May, 1970.

P. W. BARLOW, A.C.A.(N.Z.), *Chief Auditor.*

LOSS ACCOUNT

31st MARCH, 1970

1969		1970
\$21,030,745	PROFITS for year ended 31st March, 1970 including recoveries and after payment of and provision for all interest due and accrued on deposits, provision for Bad and Doubtful Debts, and other contingencies and transfer to the Provident Fund	\$23,561,717
<u>\$21,030,745</u>		<u>\$23,561,717</u>

\$802,929	Balance as at 31st March, 1969	\$782,756
50,000	Dividend from Bank of New Zealand Savings Bank Ltd.	325,000
2,028,264	Net Profit for the year	2,427,949
<u>\$2,881,193</u>		<u>\$3,535,705</u>

FUND

1969		1970
\$12,000,000	Balance per last Statement	\$12,500,000
500,000	Transfer from Profit and Loss	1,000,000
<u>\$12,500,000</u>		<u>\$13,500,000</u>

We hereby certify that, having carefully examined the foregoing balance sheet and statements, we are satisfied that they have been correctly compiled from the books and accounts of the Bank, and that the Balance Sheet is a full and fair Balance Sheet, properly drawn up, and exhibits a true and correct view of the state of the Bank's affairs at the date thereof.

DATED this 20th day of May, 1970.

J. F. EARNSHAW, *General Manager.*

R. E. MOSSMAN, *Chief Accountant.*

Bank of New Zealand

Deposits Guaranteed

BALANCE

AS AT 31st

1969	LIABILITIES	1970
	SHAREHOLDERS' FUNDS:	
\$2,000,000	Authorised and Issued Capital— 1,000,000 Ordinary Shares of \$2 each	\$2,000,000
500,000	Paid up Capital—\$1 per share	1,000,000
570,000	General Reserve	595,000
56,697	Profit and Loss Appropriation Account	65,130
\$1,126,697		\$1,660,130
	CURRENT LIABILITIES:	
	Depositors' balances including interest credited:	
\$52,186,765	Ordinary Accounts	\$58,168,642
1,137,740	Thrift Accounts	1,180,178
829,518	Home Lay-By Accounts	619,793
49,595,296	Investment Accounts	58,126,671
\$103,749,319		\$118,095,284
153,000	Provision for 1969 Taxation	—
—	Provision for 1970 Taxation	\$133,844
568,200	Provision for Future Taxation on Profits Accrued	640,000
1,243,814	Other Liabilities including interest accrued	1,488,005
\$1,965,014		\$2,261,849
\$106,841,030		\$122,017,263
	Contingent Liability:	
	Subsidy—Home Lay-By Accounts	\$10,000

PROFIT AND FOR YEAR ENDED

1969		1970
\$3,391,281	Interest to Depositors	\$4,007,835
860,170	Management and Operating Expenses (Directors' Fees—Nil)	955,516
\$4,251,451	Total Expenses	\$4,963,351
275,000	Provision for Taxation	358,000
275,312	Net Profit for year	357,789
\$4,801,763		\$5,679,140

PROFIT AND LOSS

1969		1970
\$50,000	Dividend paid	\$325,000
220,000	Transfer to General Reserve	25,000
56,697	Balance at 31st March, 1970	65,130
\$326,697		\$415,130

AUDITORS' REPORT to Members of Bank of New Zealand Savings Bank Limited.

We have obtained all the information and explanations that we have required. In our opinion proper books of account have been kept by the Company so far as appears from our examination of those books. In our opinion, according to the best of our information and the explanations given to us and as shown by the said books, the balance sheet and the profit and loss account are properly drawn up so as to give respectively a true and fair view of the state of the Company's affairs as at 31st March, 1970, and of the results of its business for the year ended on that date.

According to such information and explanations, the accounts, the balance sheet and the profit and loss account give the information required by the Companies Act 1955, in the manner so required.

WELLINGTON.
12th May, 1970.

HUNT, DUTHIE & CO.
Chartered Accountants.
Auditors.

Savings Bank Limited

by Bank of New Zealand

SHEET

MARCH, 1970

1969	ASSETS	1970
\$3,741,293	DEPOSITS AT BANK OF NEW ZEALAND	\$3,519,635
	INVESTMENTS:	
	New Zealand Government Stock:	
\$36,500,000	3½% Special	\$40,400,000
51,539,974	Other	58,796,598
2,691,228	Local Authority Securities	3,714,480
\$90,731,202		\$102,911,078
11,274,729	Mortgages and Other Loans	14,311,850
1,093,806	Income accrued on Investments	1,274,700
\$103,099,737		\$118,497,628
\$106,841,030		\$122,017,263

The redemption value of the New Zealand Government Stock and Local Authority Securities appearing in the balance sheet is \$103,451,000 and the market value \$102,135,000.
The book values of securities purchased at a discount or at a premium are adjusted annually so as to attain their redemption values by maturity date.

LOSS ACCOUNT

31st MARCH, 1970

1969		1970
	Income from Investments—	
\$4,006,086	New Zealand Government Stock and Local Authority Securities	\$4,622,778
769,353	Other Investments	1,026,004
\$4,775,439		\$5,648,782
26,324	Other Income	30,358
\$4,801,763		\$5,679,140

APPROPRIATION ACCOUNT

1969		1970
\$51,385	Balance at 31st March, 1969	\$56,697
—	Overprovision for 1969 Taxation	644
275,312	Net Profit for year	357,789
\$326,697		\$415,130

ON BEHALF OF THE BOARD

D. O. WHYTE, Director.

D. G. WOLSTENHOLME, Manager.

F. S. TAYLOR, Director.

Bank of

and its

Bank of New Zealand

CONSOLIDATED

AS AT 31st

1969	LIABILITIES	1970
	CAPITAL—	
<u>\$14,062,500</u>	Authorised Capital	<u>\$14,062,500</u>
	Capital Subscribed and Paid Up—	
7,500,000	Ordinary fully paid \$2 Shares	7,500,000
1,000,000	Preference A fully paid \$2 Shares	1,000,000
2,750,000	Preference B fully paid \$2 Shares	2,750,000
468,750	C Long Term Mortgage fully paid \$2 Shares	468,750
937,500	D Long Term Mortgage fully paid \$2 Shares	937,500
<u>\$12,656,250</u>	Total Paid Up Capital	<u>\$12,656,250</u>
13,070,000	Reserve Fund	14,095,000
839,453	Profit and Loss Account	889,897
<u>\$26,565,703</u>	Total Shareholders' Funds	<u>\$27,641,147</u>
492,263,405	Deposits	537,439,185
25,663,176	Balances Due to Other Banks	22,330,746
30,276,479	Bills Payable and Other Liabilities (including Provision for Contingencies)	31,560,825
3,987,914	Provision for Taxation	5,372,338
1,099,218	Provision for Final Dividend	1,036,719
2,975,540	London Office and Other Overseas Branches Acceptances	3,269,944
<u>\$582,831,435</u>		<u>\$628,650,904</u>

All assets and liabilities are expressed in New Zealand currency.

New Zealand

subsidiary

Savings Bank Limited

BALANCE SHEET

MARCH, 1970

1969	ASSETS	1970
\$45,321,107	Cash on hand and Deposits with Bankers	\$28,083,435
2,155,107	Balances Due by Other Banks	6,416,364
6,586,005	Bills Receivable in London	7,112,135
26,173,877	Money at Call and Short Notice, Government Securities and other Securities in London	29,043,556
9,249,879	Money at Call and Short Notice, Government Securities and other Securities in Australia	8,903,012
1,636,598	Securities of, or Guaranteed by Fiji Government	1,926,411
127,940,747	Securities of, or Guaranteed by New Zealand Government	162,294,362
4,182,027	New Zealand Local Body Securities	5,187,280
49,391,491	Remittances in Transit Between Branches	46,846,371
16,224,260	Bills Discounted	15,813,021
271,929,884	Loans and Advances to Customers and Other Debts Due to the Bank (Less Provision for Bad and Doubtful Debts)	293,914,141
1,842,164	Long Term Mortgage Loans	2,057,848
818,212	Shares in Other Companies	1,025,557
16,404,537	Bank Properties and Equipment	16,757,467
2,975,540	Liabilities of Customers for Acceptances per Contra	3,269,944
<u>\$582,831,435</u>		<u>\$628,650,904</u>

Bank of

and its

Bank of New Zealand

CONSOLIDATED PROFIT

FOR YEAR ENDED

1969		1970
\$9,718,462	Salaries and Allowances	\$10,133,957
	Directors' remuneration, including London Board and Local	
27,783	Directors in Australia	24,573
6,942,703	General Expenses	7,291,298
14,481	Audit Expenses	14,571
3,404,222	Provision for income, land and other taxes in New Zealand and	
	elsewhere	4,956,885
2,303,575	Net Profit for the year carried down	2,786,382
<u>\$22,411,226</u>		<u>\$25,207,666</u>
\$499,219	Interim Dividend paid	\$674,219
1,099,218	Provision for Final Dividend	1,036,719
720,000	Transfer to Reserve Fund	1,025,000
839,453	Undistributed profits carried forward to Balance Sheet	889,897
<u>\$3,157,890</u>		<u>\$3,625,835</u>

I have examined the foregoing Consolidated Balance Sheet and Consolidated Profit and Loss Account of the Bank of New Zealand and its subsidiary, Bank of New Zealand Savings Bank Limited. The accounts of the subsidiary have been audited by its independent auditor.

In my opinion, the Consolidated Accounts give a true and fair view of the state of the affairs as at 31st March, 1970 and of the profit indicated in the accounts for the period ended on that date of the Bank of New Zealand and its subsidiary.

P. W. BARLOW, A.C.A.(N.Z.),
Chief Auditor to the Bank of New Zealand.

New Zealand

subsidiary

Savings Bank Limited

AND LOSS ACCOUNT

31st MARCH, 1970

1969		1970
	PROFITS for year ended 31st March, 1970 including recoveries	
	and after payment of and provision for all interest due and	
	accrued on deposits, provision for Bad and Doubtful Debts,	
\$22,411,226	and other contingencies, and transfer to the Provident Fund	\$25,207,666
<u>\$22,411,226</u>		<u>\$25,207,666</u>
\$854,315	Balance as at 31st March, 1969	\$839,453
2,303,575	Net Profit for the year	2,786,382
<u>\$3,157,890</u>		<u>\$3,625,835</u>

J. F. EARNSHAW, General Manager.

R. E. MOSSMAN, Chief Accountant.

Major Balance Sheet Fluctuations

BANK OF NEW ZEALAND

LIABILITIES

Reserve Fund \$13,500,000 (\$12,500,000)

The Reserve Fund has been increased by a transfer of \$1,000,000 from Profit and Loss Account.

Deposits \$421,375,532 (\$391,011,565)

While there have been increases in deposits in all sectors the most notable increase in is Term Deposits in New Zealand.

ASSETS

Cash on Hand and Deposits with Bankers \$28,083,435 (\$45,321,107)

The fluctuation is mainly due to the withdrawal of funds for Easter requirements.

Securities of or Guaranteed by New Zealand Government \$63,097,764 (\$39,900,772)

The removal of Government restrictions on trading bank investments in Government securities during the year has enabled the Bank to invest funds which previously could not be fully employed to earn income and has provided a greater incentive to the Bank to seek increased term deposits.

Loans and Advances to Customers and Other Debts due to the Bank \$278,327,591 (\$259,561,349)

The increase is mainly due to advances to export and other priority sectors. Advances in this category as a proportion of total advances in New Zealand increased quite sharply over the year.

Shares in Other Companies \$1,025,557 (\$818,212)

Our holdings in other companies (apart from the wholly owned subsidiary Bank of New Zealand Savings Bank Ltd. shown separately in the Balance Sheet) comprise:—

BNZ Finance Co. Ltd. (40% of fully paid capital, remainder of which is held by the public)	\$480,000
Bank of Western Samoa (55% of fully paid capital, remainder of which is held by the Government of Western Samoa)	\$340,557
Capital of that bank was increased from WS\$280,000 to WS\$500,000 recently.	
Development Finance Corporation of New Zealand (230,000 shares of \$1 each paid to 50 cents—a call of 25 cents was made recently)	\$115,000
Databank Systems Ltd. (80,000 shares of \$1 each fully paid)	\$ 80,000
BNZ Nominees Ltd (10,000 shares of \$1 each fully paid)	\$ 10,000
	<hr/>
	\$1,025,557

BANK OF NEW ZEALAND SAVINGS BANK LIMITED

With regard to the difference between book and market values, investments normally will be held to or near to the date of maturity and no losses are envisaged.

NOTE: The figures stated above in brackets are those of the previous year.

HEAD OFFICE EXECUTIVE

General Manager:

J. F. EARNSHAW

Deputy General Manager:

B. H. SMITH

Chief Inspectors:

V. L. ANSELL

H. M. BUCHANAN

A. A. F. BUDGE

W. J. SHAW

Senior Inspectors: A. D. MURRAY

I. C. ROWE

Inspectors: M. C. ESSON

C. B. TAYLOR

E. F. EVANS

R. W. TWENTYMAN

S. H. HINTON

G. M. S. WEBSTER

S. J. H. JENKINSON

J. S. WILKINSON

N. R. D. LASH

W. J. WOODHOUSE

Chief Accountant:

R. E. MOSSMAN

Deputy Chief Accountant:

R. R. ATTFIELD

Assistant Chief Accountant:

Wm. BRIERLEY

Economist:

L. C. BAYLISS

Inspector and Manager International Division:

R. J. SILVESTER

Deputy Manager International Division:

GERALD SCOTT

Assistant Manager International Division:

R. F. WARREN

Manager Business Development Department:

J. D. H. STOCKMAN

Manager Premises Department:

V. G. COOPER

Manager Methods Department:

L. L. RUSSELL

Manager Staff Training:

W. W. ANSELL

BANK OF NEW ZEALAND SAVINGS BANK LTD.:

Manager:

D. G. WOLSTENHOLME

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Chief Auditor:

P. W. BARLOW, A.C.A.(N.Z.)

(Appointed by New Zealand Government)

BRANCHES IN NEW ZEALAND

<i>Branches</i>	<i>Managers</i>	<i>Branches</i>	<i>Managers</i>	<i>Branches</i>	<i>Managers</i>
AKAROA	G. L. Wethey	DUNEDIN NORTH	D. A. Haslop	KAIAPOI	P. B. Thornton
ALEXANDRA	J. B. Cowan	EKETAHUNA	D. W. Haworth	KAIKOHE	R. J. Murray
ARMAGH STREET (Christchurch)	I. J. Read	ELTHAM	T. W. P. Green	KAIKOURA	B. Hawkins
ASHBURTON	T. E. Lovelock	FEATHERSTON	R. D. Atkinson	KAITAIA	A. W. White
AUCKLAND		FEILDING	J. R. Grimshaw	KAPONGA	D. H. Deverell
<i>Manager</i>	Maurice Shaw	FITZHERBERT AVENUE (Palmerston North)		KATIKATI	B. K. Stafford
<i>Deputy Manager</i>	G. C. Miller		D. S. Beauchamp	KAWAKAWA	M. G. Darling
<i>Assistant Managers</i>	D. C. Francis	FOXTON	B. T. Truscott	KAWERAU	D. W. Barber
	A. J. Harron	FRANKTON	J. H. Denby	KERIKERI	L. B. McIntosh
	D. K. Roskruge	GERALDINE	P. T. C. Lockhart	KILBIRNIE	P. T. Barraclough
<i>Assistant Manager</i>		GISBORNE		LAWRENCE	K. M. Evans
<i>Administration</i>	P. R. Travers	<i>Manager</i>	J. R. Dickens	LEESTON	D. H. Eaton
<i>Assistant Manager</i>		<i>Assistant Manager</i>	R. L. Cheeseman	LEVIN	R. G. Todd
<i>International</i>	B. R. Sneddon	GORE	J. M. Dickson	LOWER HIGH STREET (Christchurch)	A. E. Wilson
AVONDALE	J. K. Nicholson	GREYMOUTH	C. R. Ibbotson	LOWER HUTT	
BALCLUTHA	S. B. Yelverton	GREYTOWN	L. G. Robinson	<i>Manager</i>	W. D. McLeod
BIRKENHEAD	C. B. Randerson	HAMILTON		<i>Assistant Manager</i>	B. S. Wright
BLENHEIM	C. R. Swinburne	<i>Manager</i>	H. J. Dykes	LUMSDEN	R. J. Pittaway
BROWNS BAY	G. A. Glass	<i>Assistant Manager</i>	J. C. Slaven	LYTTELTON	D. A. W. Codd
BULLS	T. H. Lusk	HAMILTON NORTH		MANAIA	R. T. Lawlor
CAMBRIDGE	D. J. McWilliam	<i>Manager</i>	R. W. Mear	MANAKINO	B. Wallis
CARTERTON	J. M. Rose	<i>Assistant Manager</i>	Roy Taylor	MANUREWA	C. G. M. Taylor
CHRISTCHURCH		HASTINGS		MARTINBOROUGH	I. F. Pinel
<i>Manager</i>	R. H. Lord	<i>Manager</i>	A. Eathorne	MARTON	B. H. Gavin
<i>Deputy Manager</i>	B. I. Williamson	<i>Assistant Manager</i>	C. H. Bright	MASTERTON	J. S. Harper
<i>Assistant Managers</i>	R. T. Everard	HAWERA	W. S. Dashwood	MATAMATA	T. E. Gresham
	L. R. Sherlock	HELENSVILLE	G. A. Robertson	MATAURA	L. G. Steele
<i>Assistant Manager</i>	T. M. Stout	HENDERSON		MAUNGATUROTO	B. Bisley
<i>Administration</i>		<i>Manager</i>	J. F. O. Rees	MAYFAIR	J. L. Griffiths
<i>Assistant Manager</i>	W. M. Rumbold	<i>Assistant Manager</i>	B. T. Sadd		
<i>International</i>	W. R. Ferguson	HIGH STREET (Auckland)		METHVEN	R. J. Torrens
COROMANDEL		<i>Manager</i>	G. E. J. S. Fry	MILTON	J. B. Williams
COURTENAY PLACE (Wellington)	A. J. Renton	<i>Assistant Manager</i>	M. B. Drower	MORRINSVILLE	R. G. Hill
CROMWELL	K. A. Harris	HOKITIKA	W. D. Hollows	MOSGIEL	D. C. Graham
CUSTOMS STREET (Auckland)	E. V. Harrison	HORNBY	D. W. Armstrong	MOTUEKA	D. G. B. Ryder
DANNEVIRKE	D. J. Adams	HOWICK	I. G. McLean	MOUNT MAUNGANUI	
DARGAVILLE	B. P. Lind	HUNTERVILLE	M. S. McDonald		R. J. W. Hamblin
DEVONPORT	B. C. Friend	HUNTLY	P. V. Botica	MOUNT ROSKILL	E. F. Buchanan
DOMINION ROAD (Auckland)	J. F. M. Coote	INGLEWOOD	C. D. Ovens	MURCHISON	E. R. McGregor
DUNEDIN		INVERCARGILL		NAPIER	
<i>Manager</i>	L. F. Evans	<i>Manager</i>	A. L. Williams		N. D. Murray
<i>Assistant Manager</i>	D. P. Oram	<i>Assistant Manager</i>	J. D. MacGibbon		Eric Harper



ABOVE Stockpile of logs at Nelson Harbour awaiting shipment to Japan.



ABOVE Baled wool opened for inspection prior to sale.



ABOVE Inside a New Zealand Milk Powder manufacturing plant, showing multiwall bags beneath the filling hoppers.

In the 1968/69 dairying season the industry produced 166,600 tons of milk powder, 92% of which was exported to overseas markets.

LEFT New Zealand meat being served in the New Zealand Geyser Restaurant at Expo. '70, Osaka, Japan.



Underground Power House at Manapouri hewn out of solid rock 700 ft. below a control building on the shore of Lake Manapouri. The underground power house, shown here under construction, houses 7 turbines each driving a 100,000 kw generator. Power generated will be supplied to the Comalco aluminium smelter at Bluff.

New Zealand's first offshore oil and gas field some 30 miles off the New Zealand coast, known as Maui, was discovered by Shell B.P. and Todd Oil Services Limited in 1969. The illustration shows the flare at Maui-3 during production testing in February 1970. It is estimated that the Maui gas field is many times greater than the Kapuni field onshore, which has a potential production rate of 60 million cubic feet of gas and 4,500 barrels of condensate per day.



<i>Branches</i>	<i>Managers</i>	<i>Branches</i>	<i>Managers</i>	<i>Branches</i>	<i>Managers</i>
NELSON		PUKEKOHE	Duncan MacLean	TE RAPA	G. L. Aitken
<i>Manager</i>	L. C. Friend	PUTARURU	E. B. Bealing	THAMES	F. J. Sexton
<i>Assistant Manager</i>	A. L. Brown	QUEENSTOWN	J. F. Bevin	TIMARU	P. R. T. Reid
NEW BRIGHTON	R. P. Ringer	RAETIHI	E. R. Gooch	TIRAU	J. G. Macaulay
NEW LYNN	T. Ross	RAKAIA	D. C. MacDonald	TOKOMARU BAY	G. Nicholls
NEWMARKET		RANFURLY	A. O. W. Barton	TOKOROA	J. H. Mills
<i>Manager</i>	M. C. Fairgray	RANGIORA	A. R. Wethey	TOWN HALL	K. J. Baker
<i>Assistant Manager</i>	E. Cowling	REEFTON	B. J. Eccleton	(Auckland)	
NEW PLYMOUTH		REMUERA	J. W. Reynolds	TUAKAU	R. J. J. Casey
<i>Manager</i>	J. T. Williamson	RICCARTON	D. A. McNab	TURANGI	D. C. Price
<i>Assistant Manager</i>	R. T. Newton	RICHMOND	G. J. H. Cox	246 QUEEN STREET	
NEWTON	A. A. C. Lloyd	(Nelson)		(Auckland)	K. D. Jenvey
NGARUAWAHIA	Geo. Tangney	RIVERTON	Leslie Swift	UPPER HUTT	R. D. Pearce
NGATEA	H. A. Kent	ROTORUA		VICTORIA STREET WEST	
NORTH END (Wellington)		<i>Manager</i>	H. Monteith	(Auckland)	A. G. Mills
<i>Manager</i>	T. R. Keys	<i>Assistant Manager</i>	Alan Smith	VIVIAN STREET	
<i>Assistant Manager</i>		ROTORUA NORTH		(Wellington)	C. E. B. Irving
	B. M. McGruer		I. R. Atherfold	WAIHI	E. H. K. Turner
OAMARU	R. A. S. Clarke	ROXBURGH	J. C. Harrison	WAIMATE	F. C. Renai
OHAKUNE	J. A. Grant	RUAWAI	A. M. Bush	WAIPAWA	M. K. Chisholm
OHURA	R. W. Simmonds	SHANNON	C. W. McCorkindale	WAIPUKURAU	P. D. Twohill
OMAKAU	O. I. Hill	SOUTH DUNEDIN	J. V. North	WAIROA	L. E. Brown
ONEHUNGA	E. L. Banks	STRATFORD	A. W. Walker	WAITARA	C. H. I. Pease
OPOTIKI	J. A. Chicken	STUART STREET	N. E. Nottle	WAIUKU	C. R. Shipherd
OPUNAKE	L. H. Ferguson	(Dunedin)		WANGANUI	
OTAHUHU	L. D. Wethey	SYDENHAM	D. C. Hill	<i>Manager</i>	H. R. Gibson
OTAKI	J. C. Bannatyne	SYMONDS STREET (Auckland)		<i>Assistant Manager</i>	D. R. Haddon
OTAUTAU	N. A. Townsend	<i>Manager</i>	C. S. Lyons	WARKWORTH	C. G. Goldsmith
OTOROHANGA	J. D. Cunningham	<i>Assistant Manager</i>	J. S. Robertson	WELLINGTON	
PAEROA	K. H. Collins	TAIHAPE	R. W. C. Raleigh	<i>Manager</i>	S. N. S. Crump
PAHIATUA	M. E. Wilson	TAKAKA	J. B. D. Willcox	<i>Deputy Manager</i>	A. W. Worth
PALMERSTON NORTH		TAKAPUNA		<i>Assistant Manager</i>	
<i>Manager</i>	I. K. G. Foote	<i>Manager</i>	W. S. Nicholson	<i>Administration</i>	A. F. Bolam
<i>Assistant Manager</i>	J. H. Phillips	<i>Assistant Manager</i>	H. I. Grimshaw	<i>Assistant Manager</i>	
PALMERSTON (Otago)	B. Hayton	TAPANUI	A. R. Grainger	<i>International</i>	T. M. Scott
PANMURE		TARADALE	G. R. Green	<i>Travel Manager for N.Z.</i>	A.W.Wilkin
<i>Manager</i>	J. D. Abbott	TAUMARUNUI	I. W. Parker	WELLINGTON SOUTH	
<i>Assistant Manager</i>	E. B. Mudford	TAUPO	P. S. D. Haworth		L. D. Carthew
PAPAKURA	M. T. Hishon	TAURANGA		WELLSFORD	D. H. Searle
PAPANUI	W. A. Martin	<i>Manager</i>	J. M. M. Ollivier	WESTPORT	T. J. R. Allison
PAPATOETOE	J. S. Dykes	<i>Assistant Manager</i>	I. L. W. Mansell	WHAKATANE	J. M. Urquhart
PARAPARAUMU	P. W. Knell	TAWA	E. C. Templeton	WHANGAREI	
PATEA	F. W. Gatley	TE ARO (Wellington)		<i>Manager</i>	W. A. Potter
PENROSE	W. H. Bjorngaard	<i>Manager</i>	R. R. Wood	<i>Assistant Manager</i>	R. D. Ward
PETONE	H. N. Carey	<i>Assistant Manager</i>	E. A. Jack	WHITIANGA	W. D. Hill
PICTON	A. K. Crichton	TE AROHA	R. C. W. Hill	WINTON	R. M. R. Lawrie
PIOPIO	J. B. Geddes	TE AWAMUTU	N. T. Oates	WOODVILLE	B. G. Yelverton
PONSONBY	D. B. Shakes	TE KAUPHATA	W. R. Allen	WYNDHAM	I. G. Martin
PORIRUA	W. G. Newton	TE KUITI	K. W. W. Taylor		
		TEMUKA	A. R. Holdaway		
		TE PUKE	A. L. White		

SHARE REGISTRY DEPARTMENT
Manager — L. W. G. Culpin
 Box C.P.O. 2208, Auckland

OVERSEAS BRANCHES

LONDON

No. 1 QUEEN VICTORIA STREET, MANSION HOUSE, E.C.4
Telex No. London 24393 Logocracy LDN.

London Board: BRIGADIER SIR BERNARD FERGUSON,
G.C.M.G., G.C.V.O., D.S.O., O.B.E. (CHAIRMAN)

A. R. FRETHEY, (DEPUTY CHAIRMAN)

E. P. CHAPPELL

Manager: R. C. BARLOW

Deputy Manager: G. S. BLANSHARD

PICCADILLY CIRCUS OFFICE
54 REGENT STREET

HAYMARKET OFFICE
30 ROYAL OPERA ARCADE
NEW ZEALAND HOUSE BUILDING

LONDON AUDITOR: H. M. ANGUS, C.A. (*Appointed by New Zealand Government*)

AUSTRALIA

MELBOURNE, 347 COLLINS STREET
Telex No. BANKNZ AA31784

LOCAL DIRECTOR: SIR ROBERT KNOX *Manager:* W. G. SAINSBURY

SYDNEY, 252 GEORGE STREET (TEMPORARY PREMISES)

LOCAL DIRECTOR: S. E. WILSON *Manager:* B. B. WATSON
Assistant Manager: R. V. DOYLE

FIJI

SUVA *Manager and Chief Manager for Fiji:*
G. E. K. SARE
Assistant Manager: T. R. BLANCHARD

LABASA *Manager:* R. J. MATTHEWS

LAUTOKA *Manager:* E. G. WILKINSON

NADI *Manager:* A. J. C. HERRICK

JAPAN

Representative Office: Suite 240 New Tokyo Building,
3-1, 3-Chome Marunouchi, Chiyoda-ku, TOKYO 100.
Telex No. BANKNZ TK2764.

Representative: R. B. McCAY.

BANK OF WESTERN SAMOA

(In which the Bank of New Zealand owns 55% of the shareholding)

APIA (SAMOA) *Manager:* W. J. LANCASTER

International Division Officers



MR R. J. SILVESTER,
*Inspector and Manager,
International Division, Head Office.*



MR R. B. McCAY,
Representative in Japan.



Senior Overseas Managers

TOP LEFT
MR R. C. BARLOW,
Manager, London Branch.



TOP RIGHT
MR W. G. SAINSBURY,
Manager, Melbourne Branch.



LEFT
MR B. B. WATSON,
Manager, Sydney Branch.

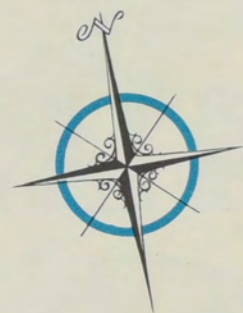


RIGHT
MR G. E. K. SARE,
*Chief Manager for Fiji
and Manager, Suva Branch.*

MAP OF BRANCHES
IN NEW ZEALAND

**Bank of
New Zealand**

*Banking facilities are
provided by 192 Branches
and 231 Agencies
throughout New Zealand*



**AUCKLAND CITY
AND SUBURBS**

- BRANCHES
- | | |
|----------------|----------------------|
| Avondale | Newton |
| Auckland | Onehunga |
| Birkenhead | Otahuhu |
| Customs Street | Panmure |
| Dominion Road | Penrose |
| High Street | Ponsonby |
| Howick | Remuera |
| Manurewa | Symonds Street |
| Mount Roskill | Town Hall |
| New Lynn | 246 Queen Street |
| Newmarket | Victoria Street West |
- TRAVEL DEPARTMENT
LADIES' BANKING DEPARTMENT

**WELLINGTON CITY
AND SUBURBS**

- BRANCHES
- | | |
|-----------------|------------------|
| Courtenay Place | To Aro |
| Kilbirnie | Vivian Street |
| Mayfair | Wellington |
| North End | Wellington South |
- TRAVEL DEPARTMENT
HEAD OFFICE

**CHRISTCHURCH CITY
AND SUBURBS**

- BRANCHES
- | | |
|-------------------|--------------|
| Armagh Street | New Brighton |
| Christchurch | Papanui |
| Hornby | Riccarton |
| Lower High Street | Sydenham |
- TRAVEL DEPARTMENT

DUNEDIN CITY

- BRANCHES
- | | |
|---------------|---------------|
| Dunedin | South Dunedin |
| Dunedin North | Stuart Street |
- TRAVEL DEPARTMENT

Bank of New Zealand

109TH
ANNUAL REPORT
1970



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TELEX MONARCH NZ3345

BANK OF NEW ZEALAND SAVINGS BANK LIMITED

BNZ SHARE REGISTRY DEPARTMENT

BNZ NOMINEES LIMITED

BNZ FINANCE COMPANY LIMITED

COMPARATIVE STATISTICS OF TRADING BANKS IN NEW ZEALAND

Bank	No. of Banking Offices in N.Z.	Deposits in N.Z.*	Advances and Discounts in N.Z.*
Bank of New Zealand (Est. 1861) Head Office: Wellington, New Zealand	423	mill \$343	mill \$244
Australia and New Zealand Bank Limited Head Office: London	207	\$186	\$149
The National Bank of New Zealand Ltd. Head Office: London	213	\$140	\$128
Bank of New South Wales Head Office: Sydney, Australia	151	\$120	\$93
The Commercial Bank of Australia Limited Head Office: Melbourne, Australia	133	\$62	\$50

* From figures published in
New Zealand Gazette.
AS AT 25TH MARCH, 1970