

1876.

NEW ZEALAND.

## GOVERNMENT BANKING ACCOUNT,

(CORRESPONDENCE RELATING TO).

*Presented to both Houses of the General Assembly by command of His Excellency.*

## No. 1.

[*New Zealand Gazette*, 2nd March, 1876.]

## CONDITIONS OF TENDER FOR BANKING BUSINESS.

TENDERS are invited for the conduct of the Banking business of the New Zealand Government; such tenders to be sent in on or before the 20th April, 1876.

Any agreement entered into to be terminable by either party on six months' notice given to the other, and to be subject to the following conditions, viz.,—

## AS TO DEPOSITS.

1. All moneys which the New Zealand Government has to deposit shall be deposited with the Bank by which its business is conducted: Provided—

- (1.) That the Government shall be at liberty, whenever its credit balance in London shall exceed one million pounds sterling, to deposit such excess in some other Bank.
- (2.) That the Government shall at any time be at liberty to invest any part of its credit balance in London or in the colony in interest-bearing securities.
- (3.) That the Government shall have the right to remove from its bankers the whole moneys lying to its credit in their hands, either in London or in the colony, should it at any time consider the position of the Bank unsafe.

2. The Bank shall at each of its branches accept deposits of any amount for credit of the local Public Account, the Receiver-General's Deposit Account, the Postmaster-General's Account, and such other accounts as may be required; and shall, for every sum deposited, give a receipt in regulation form, and in the office pass-book of the officer depositing the same.

3. All deposits for credit of the local Public Account, or the Postmaster-General's Account, made at any of the branch offices of the Bank in the colony, shall be transferred to the credit of the Public Account or the Postmaster-General's Account at Wellington, on every Saturday after the close of business, unless for special and exceptional reasons such transfers should require to be made on some other day, in which case such transfers shall be made as the Colonial Treasurer or the Postmaster-General shall direct.

4. All sums paid to the local Public Account at Wellington shall be transferred to the Public Account, as required in the preceding clause.

5. All deposits for credit of the Receiver-General's Deposit Account, made at any of the branch offices of the Bank in the colony, shall be transferred to the credit of the Receiver-General's Deposit Account at Wellington daily.

6. All moneys transferred as required by clauses 3, 4, and 5 shall forthwith, on receipt of advices, be credited to the Public Account, the Postmaster-General's Account, or the Receiver-General's Deposit Account, as the case may be, and the credit balance of those accounts as a whole shall thereupon bear interest at the rate to be agreed upon.

7. The Bank shall, at its London branch, receive deposits of any amount for credit of the New Zealand Public Account, the Agent-General's Account, or such other accounts as may be required, and shall give receipts for all such deposits in such form as may be prescribed.

8. All moneys at credit of the New Zealand Public Account, the Agent-General's Account, or the account of any other person acting as an agent for the New Zealand Government in London, shall bear interest at the rate to be agreed upon.

9. The Bank shall transfer to the Public Account or the New Zealand Public Account, on demand made by the Colonial Treasurer, any moneys standing to credit of the official account of any public officer, either in the colony or in London, except moneys at credit of the account of the Commissioners of the Public Debts Sinking Funds or of the Public Trustee.

10. The Bank shall furnish to the Receiver-General, to the Postmaster-General, or to such other persons, respectively, as it may in that behalf be required, such periodical statements of the deposits

made at its several branches in the colony and in London, as the Colonial Treasurer, the Postmaster-General, or the Commissioners of Audit may require.

AS TO ADVANCES.

11. The Bank at any of its branches shall honor, without charge for interest or otherwise, sight drafts of the Postmasters, drawn in accordance with regulations, on the Postmaster-General at Wellington.

12. When an overdraft exists on one account at the Wellington branch, and other accounts at the Wellington branch are in credit, interest shall be charged only on the debtor-balance of the accounts at Wellington as a whole.

13. When an overdraft exists on one account in London, and other accounts in London are in credit, interest shall be charged only on the debtor-balance of the London accounts as a whole.

AS TO REMITTANCES.

14. All remittances of public money within the colony shall be made by the Bank without charge.

AS TO DISBURSEMENTS, ETC.

15. The Bank shall transfer from the Public Account at Wellington such moneys as may be required, and shall place the same to the credit of the "Public Account Disbursement Account," at such of its branches as may be directed by the Colonial Treasurer, to meet the cheques of the Paymaster-General drawn on such branches, and shall pay such cheques in accordance with the form of advice transmitted in each case, and with the regulations of the Treasury in that behalf.

16. The Bank shall furnish to the Paymaster-General such periodical statements of the transfers to and the operations on the "Public Account Disbursement Account," at its several branches, as the Colonial Treasurer may require.

17. The Bank, on being provided with requisite funds, shall, at any of its branches, make payments to and take receipts from the ordinary creditors of the Government within the colony, without charge.

18. The Bank, on being provided with the requisite funds, shall, at any of its branches, pay coupons for interest or the principal of debentures payable by the Government within the colony, without charge.

19. The Bank, on being provided with the requisite funds at its London office, shall, at that office, make payments to and take receipts from the ordinary creditors of the colony in London, without charge.

20. The Bank shall, at any of its branches, receive such deposits for credit of the Sub-Paymasters of the Government, and shall honor the cheques of such Sub-Paymasters, and furnish such periodical statements of account, as the regulations of the Treasury may require, or the Colonial Treasurer may direct.

21. The Bank shall supply to the Colonial Treasurer, the Commissioners of Audit, or such other person as may be authorized to demand the same, such statements of any official account opened by or for or on account of any officer of the Government as may at any time be required.

---

22. Tenderers are required to state generally what facilities they can offer for the conduct of the business, and to supply a detailed list of the several branches and agencies of their Bank in operation in the colony, together with a detailed list of any additional branches or agencies they will undertake to establish prior to or on taking up the account, in the event of their tender being accepted.

23. In any agreement entered into between the Bank and the Government, it must be understood that such agreement, and the conditions as above set forth, are to be held to apply to the account of the Public Trustee, so far as the same are applicable—and also to the account of the Commissioners of the Public Debts Sinking Funds—should the Commissioners so require.

24. The successful tenderer will receive notice of the acceptance of his tender, and at the expiration of six months from the date of such notice he must be prepared to take up the account.

25. Tenderers are required to state that they are prepared to comply with the conditions as set forth above, and also to state, as to the following particulars, the terms on which they are prepared to take up the account, viz.,—

*As to Deposits.*

- (1.) The rate of interest which they will allow on the daily balances of the Public Account, the Receiver-General's Deposit Account, the Postmaster-General's Account, and the Public Trustee's Account at Wellington, when the balances of those accounts as a whole are under £80,000.
- (2.) The rate they will allow when the balances of those accounts as a whole exceed that amount.
- (3.) The rate of interest they will allow on the daily balances of the New Zealand Public Account in London, the Agent-General's Account, and the accounts of other agents of the New Zealand Government in London.
- (4.) The rate of interest they will allow on fixed deposits for three, six, or twelve months, made with their Bank in London and in the colony, respectively.

*As to Advances.*

- (5.) The total amount which, apart from any special agreement, the Bank would be prepared to advance to the Government by way of overdraft in the colony.
- (6.) The total amount which, apart from any special agreement, the Bank would be prepared to advance to the Government by way of overdraft in London.

- (7.) The total amount which, apart from any special agreement, the Bank would be prepared to advance in the colony on New Zealand Government securities, payable in the colony.
- (8.) The total amount which, apart from any special agreement, the Bank would be prepared to advance in the colony on remittable securities of the New Zealand Government.
- (9.) The total amount which, apart from any special agreement, the Bank would be prepared to advance on New Zealand Government securities in London.
- (10.) At what rate of interest, in each case, the Bank would make advances, as above referred to, in the colony and in London, respectively.
- (11.) What notice the Bank would require of an intention to overdraw the account in the colony and in London, respectively.

*As to Remittances.*

- (12.) On what terms, as to exchange and currency of drafts, the Bank is prepared to make remittances from the colony to London.
- (13.) On what terms from London to the colony.
- (14.) On what terms from the colony to Australia.
- (15.) On what terms from Australia to New Zealand.
- (16.) On what terms within the colony by telegraph.
- (17.) On what terms by telegraph from London to New Zealand, for payments at three and fourteen days respectively.
- (18.) On what terms by telegraph from New Zealand to London, for payments at three and fourteen days respectively.
- (19.) On what terms the Bank would be prepared to purchase bills on London.
- (20.) Up to what amount monthly the Bank would be prepared to negotiate drafts on London and on the colony, respectively.

*As to Payment of Debentures and Interest.*

- (21.) On what terms, exclusive of charges for remittance, the Bank would, if required, pay coupons for interest payable in Australia.
- (22.) On what terms, if required, in London.
- (23.) On what terms, exclusive of charges for remittance, the Bank would, if required, pay the principal moneys due on debentures or Treasury bills in Australia.
- (24.) On what terms, if required in London.

(It must be understood that it is to remain optional with the Government whether the payments referred to in the four preceding sections shall be made through its bankers or not.)

26. The Government reserves to itself the right to decline any or all tenders received in compliance with this invitation.

Treasury, 25th February, 1876.

JULIUS VOGEL,  
Colonial Treasurer.

## No. 2.

The MANAGER, National Bank of New Zealand, to the Hon. the COLONIAL TREASURER.

The National Bank of New Zealand, Limited,

SIR,— Inspector and General Manager's Office, Wellington, 30th March, 1876.

Referring to the notice from your department, dated 25th February last, calling for tenders for the banking business of the New Zealand Government, I have now the honor to request that you will be good enough to favour me with some particulars upon certain points, upon which the notice in question fails to convey the information necessary to enable me to arrive at something approaching an accurate knowledge of the probable requirements of the Government.

As the Government are no doubt desirous of obtaining the best possible terms for their business, I do not imagine that you will object to furnish me with such information as may be within your power to afford upon the points raised by me. Before submitting these points, however, I may be permitted to point out what appears to me to be a very grave objection to the present proposals of the Government. It is this:—According to the notice which has been issued, the proposed arrangement is to be subject to six months' notice of termination; so that such notice might be given immediately on the account being taken up, and the great expense necessarily incurred in the preparations for satisfactorily working the account might be so incurred for a six months' tenure merely. I would suggest, as worthy of consideration, that the account should be held by the successful tenderers for a certain definite period; and that, at the expiration of such period, the arrangements then existing be subject to six months' notice of termination.

The following are the points upon which I should be glad to receive information, viz.:—

*As to Deposits.*

- 1st. What would be the probable amount which might be calculated upon as being generally at the credit of the Government in London?
- 2nd. The same as regards the colony?
- 3rd. What is meant by "interest-bearing securities," in sub-section 2 of clause 1? Would the fixed deposit receipts of other banking establishments come under such head?

*As to Advances.*

- 1st. What would be the probable amounts which the Government might require under sub-sections Nos. 5 and 9 of clause 25?
- 2nd. What would be the probable amount of the transactions referred to in sub-sections Nos. 12 to 19 and 21 to 24 of clause 25?

3rd. Is it contemplated by the Government to enter into special agreements for advances other than what are suggested in the notice of 25th February; and if so, to what extent in London and in the colony, respectively?

A list of the branches of this Bank which are now open is enclosed. I should be glad to be informed as to the other places in which the Government would expect or desire us to be represented, in the event of our becoming the successful tenderers.

I have, &c.,

The Hon. the Colonial Treasurer, Wellington.

THOMAS BUCHANAN, Acting Inspector.

---

LIST OF BRANCHES OF THE NATIONAL BANK OF NEW ZEALAND (LIMITED).

Auckland.	Invercargill.	Queenstown.
Balclutha.	Lyell.	Reefton.
Blenheim.	Mosgiel.	Riverton.
Cardrona.	Napier.	Switzers.
Christchurch.	Nelson.	Taieri.
Coromandel.	New Plymouth.	Tauranga.
Dunedin.	Oamaru.	Timaru.
Grahamstown.	Outram.	Tokomairiro.
Greymouth.	Palmerston.	Wanganui.
Hamilton.	Port Chalmers.	Wellington.

---

No. 3.

The Hon. the COLONIAL TREASURER to the MANAGER, National Bank of New Zealand.

SIR,—

Treasury, Wellington, 4th April, 1876.

I have the honor to acknowledge the receipt of your letter of March 30, and in reply I have to say that I desire, as far as I am able, to supply the information for which you ask.

2. In deference to the possibility you point out of notice of withdrawal being given immediately after the account has been taken over, the Government have decided to alter the terms, so as to provide that six months' notice shall not be given on either side until the expiry of six months from the taking over of the account.

3. I am not able to give you information as to deposits in London and the colony which would be free from the possibility of misleading you, seeing that the amount of the Government deposits has varied considerably, and will, in all likelihood, do so.

4. In reply to your question, whether "fixed deposit receipts of other banking establishments" will come under the term "interest-bearing securities" in sub-section 2, clause 1, of the printed conditions, it seems to me that to adopt such an interpretation would conflict with the previous sub-section.

5. Respecting advances, I must give an answer similar to that given as to deposits. The requirements of the Government may be so various that it is impossible to afford information that would at all guide you. The Government desire to know the amounts which tenderers for the account would be willing to advance without special arrangements.

6. In reply to your second query under the head "Advances," I am not able to tell you the probable amount of the transactions under sub-sections 12 to 19.

7. As to the probable amount of the transactions under sub-sections 21 to 24, the Bank has hitherto dealt with the payment of interest in Australia; but the amount has not been large, and whether or not there will be any increase will depend upon whether further loans are negotiated in Australia. Hitherto, the payment of interest in London has not been made by the Government Bank, and, as you will have gathered from a foot-note to the Conditions, the Government are not prepared to undertake that the contracting Bank will have this business in future.

8. In reply to the question in the third sub-section under the head "Advances," I have to say that the requirements of the Government vary much, and that sometimes advances might be required in order to wait for favourable turns of the market for negotiating loans. Again, the answer to this question must much depend on the amount of ordinary advances which the Government will, under the arrangement to be made, be able to claim from the bank.

9. On the last point, I am not able to give information. No determination as to the number of branches required has been arrived at. The Government will have to consider all the proposals of each tendering Bank, and the number of branches is one of the points on which the tenderers must give information to the Government.

I have, &c.,

T. Buchanan, Esq., National Bank of New Zealand (Limited),  
Wellington.

JULIUS VOGEL.

---

No. 4.

[*New Zealand Gazette*, 6th April, 1876.]

Re TENDERS FOR BANKING BUSINESS.

IN order to secure to both parties the continuance for one year certain of any agreement entered into, the following is to be read in the place of the introductory paragraph to the Conditions published in the *New Zealand Gazette*, No. 12, of the 2nd March, 1876:—

Any agreement entered into to be terminable by either party at any time, on six calendar months'

notice given to the other; but no such notice shall be given until the expiration of six calendar months from the date of taking over the Government Account. The agreement shall be subject to the following conditions, viz.

\* \* \* \* \*  
Treasury, 4th April, 1876.

\* \* \* \* \*  
JULIUS VOGEL, Colonial Treasurer.

### No. 5.

The INSPECTOR, Bank of Australasia, to the Hon. the COLONIAL TREASURER.

SIR,—

Bank of Australasia (Inspector's Office), Wellington, 4th April, 1876.

In response to your printed invitation for tenders for the banking business of the Government of New Zealand, such tenders to be sent in on or before the 20th instant, I have the honor to inform you, thus early, that it is not the intention of this Bank to make any offer for the account, for the following reasons (among others), viz.:—

1. That it is, at least, a debatable point whether the weight of evidence given before the Public Accounts Committee is not strongly in favour of distributing the Government business between the several Banks in association, instead of giving it to a single institution.

2. That the report of such Committee was only presented to Parliament at the last moment before adjournment, and has not yet received the deliberate consideration of members.

3. That the Conditions are such, especially the 22d, as virtually to preclude this Bank and others from competing on equal terms with the present custodian of the account.

4. That public policy, no less than a spirit of fair dealing towards the recognized financial institutions of the country, which have all a large amount of capital invested in New Zealand, demands a distribution of the Government business.

I would respectfully point out that, as half a year will have shortly elapsed since the Committee recommended that six months' notice should be given forthwith to determine the agreement with the Bank of New Zealand, and such notice has not yet been given, there is no known valid reason for hurrying the matter now, when Parliament is about to meet, and might desire to have an opportunity of reviewing a report so fraught with importance to the best interests of New Zealand.

When, therefore, it becomes known to the Government that one of the most powerful Banks in the country declines to tender under existing conditions, and that others may adopt the same course for similar reasons, so reducing competition to a minimum, if not enabling the institution with the largest number of branches to obtain the Government Account on its own terms, I would fain hope that the time for receiving tenders will be extended until an opportunity has been afforded to the new Parliament of considering the whole matter.

I am not entitled to request this as the mouthpiece of others; but such a concession would, I feel assured, be regarded by all the "uncovenanted" banks as a slight measure of reparation for the injustice done them—no doubt, unwittingly—in placing the proceeds of the four million loan in the Bank of New Zealand without subjecting that institution to competition, as provided for in their agreement with the Government, which, as you are doubtless now aware, differs materially from the memorandum of such agreement furnished by the Secretary of the Treasury.

I have, &c.

E. W. MORRAH,  
Inspector, N.Z.

The Hon. the Colonial Treasurer, Wellington.

### No. 6.

SECRETARY to CABINET to the SUPERINTENDENT, Bank of Australasia.

SIR,—

Wellington, New Zealand, 6th April, 1876.

I am directed by Ministers in Cabinet to enclose to you the copy of a letter, under date the 4th instant, addressed by the Inspector of your Bank in New Zealand to the Colonial Treasurer of this colony. *See No. 5.*

The Government, to whom the Colonial Treasurer referred Mr. Morrah's letter, determined that the attention of the Bank authorities should be called to it, and that it should be pointed out to them that it would be impossible for this Government to deal with any Bank which allowed its representative to feel himself at liberty to write in such terms.

David C. McArthur, Esq., Superintendent, Bank of Australasia,  
Collins Street West, Melbourne.

I have, &c.,  
G. S. COOPER.

### No. 7.

SECRETARY to COLONIAL TREASURER to the INSPECTOR, Bank of Australasia.

SIR,—

General Government Offices, Wellington, 13th April, 1876.

I have been directed by the Colonial Treasurer to inform you that he has received your letter of the 4th April.

Its tone and nature were such that he thought it necessary to refer it to Cabinet; and it was there decided to call the attention of the Bank authorities to the document.

E. W. Morrah, Esq., Inspector, Bank of Australasia,  
Wellington.

I have, &c.,  
E. Fox.

## No. 8.

The MANAGER, Colonial Bank of New Zealand, to the Hon. the COLONIAL TREASURER.

SIR,—

Colonial Bank of New Zealand, Dunedin, 12th April, 1876.

In reply to your invitation to the several Banks within this colony to tender for the General Government account, I have the honor, on behalf of this institution, to state that it does not feel justified in tendering singly under the conditions proposed in the *New Zealand Gazette* of 2nd March.

Should it be determined to divide the account among the Banks, this Bank will be prepared to take its portion.

Sir Julius Vogel, Colonial Treasurer of New Zealand,  
Wellington.

I have, &c.,  
L. O. BEAL,  
Manager.

## No. 9.

The INSPECTOR, Bank of New Zealand, to the Hon. the COLONIAL TREASURER.

SIR,—

Inspector's Office,

Bank of New Zealand, Auckland, 13th April, 1876.

In compliance with your invitation, published in the *New Zealand Government Gazette*, and dated 25th February, 1876, I have the honor to state that this Bank is prepared to continue to transact the banking business of the Government, on the conditions specified in the *Gazette* notification above referred to, and embraced in clauses 1 to 24 thereof inclusive, with the amendment published in *Gazette* of 6th April, 1876.

Excepting that as regards sub-clauses 2 and 3 of clause 1, the Bank stipulates that in case the Government shall desire to remove from the custody of the Bank, either in London or the Colony, any sum or sums *beyond such as are needed for the actual requirements of the Government*, fifteen days' notice of intention to do so shall first be given, unless when any particular sum or sums are deposited intimation is at the same time given that they are specially at call; and that in event of the Government deciding to remove from the Bank, under clause 3, sums not required for ordinary Government disbursement, the balance at credit of the Government shall not then or thereafter be reduced below the amount of advances which the Bank shall then be under to the Government on Special Account, either in London or in the colony.

Deposits fixed for stated periods under sub-clause 4 of clause 25, are of course understood to be exempted from the operation of sub-clauses 2 and 3 of clause 1.

As to the facilities which this Bank can offer for the conduct of the Government business, as referred to under clause 22, I do not think it necessary to do more than refer to the management of the Government business during the last fourteen years, and to assure you that should our tender be accepted, every effort will be made to render the future as satisfactory as the past.

I append a list of our Branches and Agencies; and as the Bank is now represented at every important and many unimportant centres of population, it can only further undertake to lose no opportunity of occupying any new position which can offer inducements to the Bank and convenience to the Government.

In regard to terms for the various descriptions of business, as defined in the several sub-clauses of clause 25, I have the honor to quote as follows:—

Sub-clause (1). Interest at four (4) per cent.

Sub-clause (2). Interest at three (3) per cent.

Sub-clause (3). Interest at one (1) per cent under Bank of England rate.

Sub-clause (4):—

In London—No additional rate for three (3) months.

For six (6) months up to one hundred thousand pounds (£100,000), four (4) per cent.

For twelve (12) months up to two hundred thousand pounds (£200,000), five (5) per cent.

In the Colony—One-half ( $\frac{1}{2}$ ) per cent. above the rates offered by us to the public.

Sub-clause five (5):—

Overdraft in the Colony—One hundred thousand pounds (£100,000); or

Sub-clause (6):—

Overdraft in London—One hundred thousand pounds (£100,000).

} Either, but  
not both.

Sub-clause seven (7):—

Would not be prepared to advance on Government securities payable in the Colony.

Sub-clauses eight (8) and nine (9).

On remittable securities, with power to remit and hypothecate advances up to three hundred thousand pounds (say £300,000) either in the colony or in London, with a margin of ten (10) per cent. of security calculated at latest market value of same, and to be drawn in sums not exceeding two hundred thousand pounds (£200,000) per month.

Sub-clause ten (10).

In the Colony—Under fifty thousand pounds (£50,000) six (6) per cent.

Above fifty thousand pounds (£50,000) seven (7) per cent.

In London—Five (5) per cent. per annum, or at one (1) per cent. above Bank of England rate, when such rate is in excess of five (5) per cent.

Sub-clause eleven (11).

One (1) month's notice for fifty thousand pounds (£50,000) or over.

Sub-clause twelve (12).

For sixty (60) days' sight drafts, par, and for shorter currencies, one-half ( $\frac{1}{2}$ ) per cent. below current rates to the public, but not worse than par.

Sub-clause thirteen (13).

One-quarter ( $\frac{1}{4}$ ) per cent. more favourable to the Government than rates to the public.

Sub-clause fourteen (14).

Fifteen (15) days' drafts par.

Demand drafts half ( $\frac{1}{2}$ ) current rates.

Sub-clause fifteen (15).

Similar rates to No. 14.

Sub-clause sixteen (16).

One (1) per cent.

Sub-clauses seventeen (17) and eighteen (18) :—

From London—Remittance by telegraph at three (3) days, one (1) per cent., and at fourteen (14) days, three-quarters ( $\frac{3}{4}$ ) per cent.

From the Colony—Remittance by telegraph at three (3) days, two and a half ( $2\frac{1}{2}$ ) per cent., and at fourteen (14) days two and a quarter ( $2\frac{1}{4}$ ) per cent.

The Bank, however, would stipulate that no remittance by telegraph of more than ten thousand pounds (£10,000) is to be made in any one month, except with its consent.

Sub-clause nineteen (19).

At three-eighths ( $\frac{3}{8}$ ) per cent. better to the Government than rates current to the public.

Sub-clause twenty (20).

Two hundred thousand pounds (£200,000) per month.

Sub-clause twenty-one (21).

One quarter ( $\frac{1}{4}$ ) per cent.

Sub-clause twenty-two (22).

One-eighth ( $\frac{1}{8}$ ) per cent.

Sub-clause twenty-three (23).

One-quarter ( $\frac{1}{4}$ ) per cent.

Sub-clause twenty-four (24).

One-quarter per cent.

I have, &c.,

D. L. MURDOCH, Inspector.

#### LIST OF BRANCHES AND AGENCIES OF THE BANK OF NEW ZEALAND.

Province of Auckland :	Marton.	Arrowtown.
Auckland.	Masterton.	Balclutha.
Alexandra.	Upper Hutt.	Clinton.
Cambridge.	Wanganui.	Cromwell.
Coromandel.	Wellington.	Dunedin.
Gisborne.		Kaitangata.
Grahamstown.	Province of Canterbury :	Invercargill.
Hamilton.	Akaroa.	Lawrence.
Ngaruawahia.	Ashburton.	Mataura.
Opotiki.	Christchurch.	Mosgiel.
Russell.	Kaiapoi.	Naseby.
Tauranga.	Lyttelton.	North Dunedin.
	Oxford.	Oamaru.
Province of Taranaki :	Rangiora.	Outram.
Carlyle.	Southbridge.	Palmerston.
New Plymouth.	Temuka.	Queenstown.
	Timaru.	Riverton.
Province of Marlborough :	Waimate.	Roxburgh.
Blenheim.		Tapanui.
Picton.	County of Westland :	Waikouaiti.
	Greenstone.	Waitahuna.
Province of Nelson :	Greymouth.	Wyndham.
Charleston.	Hokitika.	Tokomairiro.
Lyell.	Ross.	
Nelson.	Stafford.	New South Wales :
Reefton.		Sydney.
Westport.	Province of Hawke's Bay :	
	Napier.	Victoria :
Province of Wellington :	Waipawa.	Melbourne.
Carterton.	Wairoa.	
Featherston.		London :
Foxton.	Province of Otago :	50, Old Broad Street.
Greytown.	Alexandra.	

#### No. 10.

The INSPECTOR, Bank of New Zealand, to the Hon. the COLONIAL TREASURER.

SIR,— Bank of New Zealand, Wellington 19th April, 1876.

Referring to my tender for the banking business of the Government, and advertising to sub-clause sixteen of clause twenty-five, relating to remittances within the colony by telegraph, I have the

honor to request that you will be pleased to understand the words "one per cent." as meaning "one shilling per cent."

I have, &c.,

GEO. TOLHURST,

(For the Inspector).

The Hon. the Colonial Treasurer, Wellington.

### No. 11.

The INSPECTOR, Bank of Australasia, to the Hon. the COLONIAL TREASURER.

SIR,—

Bank of Australasia, Inspector's Office, Wellington, 17th April, 1876.

I received on Saturday, Mr. Fox's communication of 13th inst., stating that you had thought it necessary to refer my letter of 4th idem to the Cabinet, and that it was there decided to call the attention of the Bank authorities to the document.

This certainly surprised me, and, as Mr. Fox did not reveal the specific cause of offence, I at once applied myself to discover wherein I had exceeded my intention of making solely a forcible appeal, in the interests of the Bank, for consideration, at what I conceived to be a critical time.

That there was misconception somewhere I felt assured, and investigation leads me to conclude that it is on my part, in supposing that the final decision of Parliament, as to the Government banking arrangements, had yet to be given.

I had imbibed this impression from the local newspaper accounts of what took place on the occasion of the presentation of the Public Accounts Committee's Report, as well as from the speeches of members of the House—notably that of the then Colonial Treasurer. These accounts, if remember aright, one and all, were to the effect that only portion of the report had been adopted. By chance I am enabled to refer at once to the *Evening Post* of 20th October last, which begins an article thus:—"Although the House did *not* formally adopt that portion of the Public Accounts Committee's Report which recommended that the existing arrangements between the Bank of New Zealand and the Government should be terminated, and tenders invited for the Public Account," &c., &c. And, in officially advising the result of the presentation, I myself stated to our Directors that "in consequence of the Government desiring to remain unfettered during the recess, the Report was not formally adopted."

That impression remained while I was writing my previous letter, and is only now shaken by a reference to *Hansard*, which states that the whole Report was adopted.

It will thus, I trust, be understood how I, holding this mistaken view of the situation, could not but regard the final solution of the whole question of Government banking arrangements, before the House should meet, as premature.

I infer now that the matter is finally settled, so far as Parliament is concerned. If so, my letter has been grounded on a misapprehension, and I would therefore ask to withdraw it, at the same time apologizing for any annoyance inadvertently caused through its terms.

I may state that a copy of such letter has been already despatched, some days since, by myself to the Directors of this Bank in London, and to the Superintendent in Melbourne.

I have, &c.,

E. W. MORRAH,

Inspector, N.Z.

The Hon. the Colonial Treasurer, Wellington.

### No. 12.

SECRETARY to the COLONIAL TREASURER to the INSPECTOR, Bank of Australasia.

SIR,—

General Government Offices, Wellington, 19th April, 1876.

Replying to your letter of the 17th inst., I have been directed by the Colonial Treasurer to state, that he does not consider you would have been justified in writing such a letter as yours of the 4th inst., whether or not the House of Representatives had adopted as a whole the Report of the Select Committee on Public Accounts. On this point you were correct in your first surmise: the House did not adopt the Report. Your request to withdraw the letter means, therefore, nothing.

The Colonial Treasurer feels that it will be necessary for you to express unqualified regret for having written the letter, in order to induce him to recommend that you be allowed to withdraw it.

I have, &c.,

E. W. Morrah, Esq., &c., Bank of Australasia, Wellington.

E. Fox.

### No. 13.

The INSPECTOR, Bank of New South Wales, to the Hon. the COLONIAL TREASURER.

Inspector's Office, Bank of New South Wales,

Christchurch, 19th April, 1876.

SIR,—

I have the honor to inform you, in reference to your circular inviting tenders for the conduct of the Government banking business of the colony, that this Bank does not intend to tender for the same.

The terms and conditions of your circular are such as to make it impossible for us to tender with any hope of being able to conduct the Government account with any degree of satisfaction to ourselves or to the Government.

An agreement, terminable on six months' notice after the lapse of six months from the date the agreement came into force, would completely shut a Bank out from perfecting arrangements in regard to advances required or money deposited by the Government, whereby it and the Government would be mutually benefited.



Your circular is so indefinite upon many material points, such as what the requirements of the Government are likely to be in the way of overdraft, if any, or what probable balance the Government is likely to have in hand, that it is quite impossible we can respond to it with any hope that we could conduct the Government business satisfactorily to the Government and to ourselves.

The question conveyed in clause No. 22 of your circular suggests that the number of branches a Bank has in the Colony may be made a material point by the Government in deciding the tenders; and I would respectfully point out to you that this alone has a tendency to make some of the Banks feel that it is useless to tender, and that any competition is but of a nominal character.

I have, &c.,  
J. R. HILL,  
Inspector.

The Hon. the Colonial Treasurer, Wellington.

#### No. 14.

The INSPECTOR, Bank of Australasia, to the Hon. the COLONIAL TREASURER.

SIR,— Bank of Australasia, Inspector's Office, Wellington, 20th April, 1876.

I received yesterday afternoon Mr. Fox's letter of 19th instant, informing me by your direction that (as I originally supposed) the Report of the Public Accounts Committee was not adopted by the House; and requiring as a condition precedent to the withdrawal of my letter of 4th idem, that I should express unqualified regret for having written it.

The circumstances under which it was written have been already explained to you, and I venture to think should obtain for it generous consideration.

Let me recapitulate them:—I, knowing nothing of Government or Parliamentary procedure, witnessed the adoption of a course which appeared to me calculated to bring about the premature solution of a question in which this Bank is warmly interested. I could not understand how it was necessary to accept tenders before Parliament had decided on the whole question of Government banking arrangements, and I therefore endeavoured, by a vigorous appeal for an extension of time, to avert a solution which promised to extinguish my last remaining hope of seeing the Government business distributed.

The pleading was perhaps over-urgent, and I admit that the "reasons" advanced for not tendering might, with advantage, be toned down in one case and amplified in another. For instance, the fourth "reason," by inadvertence, states as a matter of fact what should have been stated as a matter of opinion; and in using the term "weight of evidence" in the first "reason," I might have explained that it bore reference to the major advantages of public benefit, as distinguished from the minor advantages of simple book-keeping and departmental convenience.

I have discovered with unfeigned regret that, on some ground not made clear to me, my letter has unintentionally given umbrage to yourself and the Government. The traditions of this Bank, the well-understood wishes of my Directors, and my own sense of what is right and proper, would effectually prevent me from knowingly giving offence; and I beg to disavow any intention of doing so, while expressing my readiness to offer an explanation of any portion of my letter which you may think requires explanation.

For the reasons, then, that the letter has been productive of unpleasantness, that it does not in parts exactly approve itself to my own mind, and that I may, under a misapprehension of the effect of calling for tenders, have put the case more strongly than the occasion warranted, I would still prefer to withdraw it; and I frankly repeat my apology for any annoyance it may have inadvertently caused.

But to express unqualified regret for having written it, appears to me tantamount to an admission on my part that I had offended of set purpose; and this admission I must respectfully, but firmly, decline to make.

Hoping that a reconsideration of the whole matter will induce you to accept these assurances,

I have, &c.,  
E. W. MORRAH,  
Inspector, N Z.

The Hon. the Colonial Treasurer, Wellington.

#### No. 15.

SECRETARY to COLONIAL TREASURER to the INSPECTOR, Bank of Australasia.

SIR,— General Government Offices, Wellington, 21st April, 1876.

I have been instructed by the Colonial Treasurer to acknowledge his receipt of your letter of yesterday's date; and to say in reply, that it is impossible he can enter into any discussion upon your letter of the 4th instant.

The Colonial Treasurer will cause to be forwarded to the Head Office of your Bank, in Melbourne, copy of the correspondence with you since his receipt of your letter of the 4th, and he feels compelled to decline further communication with you upon the subject.

E. W. Morrah, Esq., &c., &c.,  
Bank of Australasia, Wellington.

I have, &c.,  
E. Fox.

#### No. 16.

The INSPECTOR, National Bank of New Zealand, to the Hon. the COLONIAL TREASURER.

The National Bank of New Zealand, Limited,  
Inspector and General Manager's Office,

No. 4-10.)  
SIR,— Wellington, 20th April, 1876.

I have the honor to acknowledge the receipt of your letter (T. 76-836) of 4th instant, in reply to mine of 30th ultimo.

2—B. 5.

2. I cannot but express my regret at the Government having refused to afford me any information in reply to the queries raised in my letter of 30th March, as it is quite impossible that any satisfactory tender could be made for the conduct of the Government banking business without some such information as that sought for being furnished.

3. By pursuing the course which appears to have been decided upon, the Government are virtually establishing a monopoly, as the Bank which has had the control of the Government account for years (without competition of any kind) is in possession of particulars regarding its extent, character, and normal condition, knowledge of which is essential for the preparation of a satisfactory tender, but which knowledge is now denied to other institutions.

4. Under these circumstances, I am reluctantly compelled to inform you that it is not the intention of this Bank to make any offer in response to the notice from your office dated 25th February last.

5. I have no desire whatever to enter upon the political aspect of the question; but I may be pardoned for suggesting that as considerable delay has already taken place in giving effect to the recommendations contained in the Report of the "Committee on Public Accounts," presented to the House of Representatives at the close of last Session, and as time did not permit of those recommendations being then debated in Parliament, it would be well to defer dealing with the question of the Government banking arrangements until Parliament has again met and had an opportunity of discussing the whole question.

This course seems to me to be the more desirable, as it is, to say the least, a moot point whether the weight of evidence taken before the Committee on Public Accounts was not in direct opposition to the proposed action of the Government.

I have, &c.,

THOS. BUCHANAN,  
Acting Inspector.

The Hon. the Colonial Treasurer, Wellington.

### No. 17.

SECRETARY to CABINET to the INSPECTOR, National Bank of New Zealand.

SIR,—

General Government Offices, Wellington, April 21, 1876.

Your letter, dated April 20th, and addressed to the Colonial Treasurer, has been submitted to the Cabinet; and I am instructed to inform you that the Government would under any circumstances feel it impossible to do business with your Bank whilst an officer of it could consider himself at liberty to write such a document.

2. The letter you addressed to the Colonial Treasurer, on the 30th March, asking for information upon certain points of the notice inviting tenders for the Government banking business, was replied to in one dated April 4th (T. 76-836). In that letter the Colonial Treasurer stated that he would comply with one of the suggestions you made; and the conditions were consequently amended. The other suggestions or objections made by you were dealt with as far as possible by the Colonial Treasurer, who, as to several points, explained that he could not supply anything in the nature of details which would not be calculated to mislead. Had there been any particular figures as to which you wished information, the Colonial Treasurer would then, if you had asked for them, have endeavoured to furnish them; although, supposing you desired to ascertain the history of past requirements, you might, with a little care and trouble, have ascertained what you wanted from the published records of the Treasury.

3. You did not ask for such information, but, delaying until the last moment, you allege, in the face of the communication of April 4th, that information has been "refused" to you; and you do this in a letter in which you admittedly enter into a political discussion.

I have, &c.,

T. Buchanan, Esq., &c., &c.,  
National Bank of New Zealand (Limited), Wellington.

G. S. COOPER.

### No. 18.

The CHIEF OFFICER, Union Bank of Australia, to the Hon. the COLONIAL TREASURER.

Chief Officer's Department, Union Bank of Australia,  
Christchurch, 20th April, 1876.

SIR,—

I have the honor to acknowledge receipt of a printed circular dated 25th February, inviting tenders for the Government account.

Having already expressed the opinion, when under examination before the Public Accounts Committee, that the account would be more satisfactorily conducted by an association of Banks, I feel precluded from sending an individual tender on behalf of this Bank.

I have, &c.,

JAS. PALMER, Chief Officer,  
New Zealand.

The Hon. the Colonial Treasurer, Wellington.

### No. 19.

The Hon. the COLONIAL TREASURER to the INSPECTOR, Bank of New South Wales.

SIR,—

General Government Offices, Wellington, 21st April, 1876.

I have the honor to acknowledge the receipt of your letter of April 19th; and in reply to express my regret that you did not deem yourself at liberty to tender for the Government Banking Account.

2. I am not surprised that you should have felt difficulty as to the points you mention; but it was impossible, in deciding the arrangements for calling for tenders, to give definite particulars as to the requirements of the Government. The state of the account necessarily varies greatly. Sometimes advances are needed: at others there are large credit balances. All, therefore, that could have been done in connection with the tendering, supposing general information as to requirements to have been asked for, would have been to point to published accounts of the Treasury as indicative of what had been required, without its being possible to give the assurance that those past transactions fairly represented future conditions.

3. With respect to what you say as to number of branches, there can be no doubt that the facilities a Bank would be able to offer for transacting business in different parts of the colony would be an important element in considering the comparative merits of two tenders; and without making it the principal point for consideration, it is obviously one to which the Government would attach much weight.

J. R. Hill, Esq., &c., &c.,  
Bank of New South Wales, Christchurch.

I have, &c.,  
JULIUS VOGEL.

### No. 20.

The Hon. the COLONIAL TREASURER to the INSPECTOR, Bank of New Zealand.

Wellington, 21st April, 1876.

SIR DONALD MCLEAN leaving to-day, and Cabinet desire previously settle Bank matter. Therefore please reply early as possible to following. Will you modify your tender following points? Sub-clause 3: Government must have power draw out all balances less unsecured advances. Act passed last Session gave such power, and cannot be over-ridden. Sub-clauses 8 and 9 of 25: Proposed margin on market value unusual: say ten per cent. of par or five per cent. market value. Sub-clause 10: Reduce interest on advances in colony to five per cent. all round. 17: Reduce rate to par. 18: Reduce fourteen days to one and a half. Increase amount to twenty thousand. 19: Add proviso not to exceed quarter for ninety days, or par for sixty days.

Inspector, Bank of New Zealand, Auckland.

JULIUS VOGEL.

### No. 21.

The Hon. the COLONIAL TREASURER to the INSPECTOR, Bank of New Zealand.

Wellington, 21st April, 1876.

SUPPLEMENTING my telegram this morning, Cabinet ask you to amend tender telegram to at least fifty thousand additional overdraft in colony.

Inspector, Bank of New Zealand, Auckland.

JULIUS VOGEL.

### No. 22.

The INSPECTOR, Bank of New Zealand, to the Hon. the COLONIAL TREASURER.

Auckland, 21st April, 1876.

ACCEPTANCE your suggested alteration, sub-clause 3, would put allowance of interest on Government balances out of question, as practically we would have to hold coin to meet demand, which in very conceivable circumstances, such as hostile Ministry in power, might be made on us. In my tender, I approached the subject with view to allow Government good rate for money; but if Act cannot be overridden to extent suggested, I must stipulate for power to the Bank to notify at any time that it will not pay interest on money which can neither be definitely fixed nor subjected only to demands for ordinary Government requirements. This power it may be hoped might never need to be exercised. Bank cannot surely be expected to be ready to find such sum as, say, four hundred thousand, without notice in Wellington, and yet pay 3 per cent. on such balance. Further, if Government cannot legally fix deposits, sub-clause 4 of clause 25 is clearly out of place, and must be cancelled till Government obtains legal power to fix. Sub-clauses 8 and 9: I concede margin of 5 per cent., instead of 10 on market value; Government to maintain margin, if required. Sub-clause 10: Your proposal, I regret I must say, is quite inadmissible, unless Government consents to an equivalent reduction in rate for deposits; but to bring matter to a point, I consent unwillingly to 6 per cent. in colony all round. Please note that tender, under sub-clauses 8 and 9, means either in London or colony, not both. Sub-clauses 17 and 18: Disliking telegraphic remittances, I must stipulate for rate slightly in excess of ordinary rate, and regret cannot modify those quoted in tender, which are based on rigid calculation, with allowance for expense of special financial arrangements which telegraph remitting necessitates. I concede, however, twenty thousand per month instead of ten. Sub-clause 19: If you prefer fixed rate, I cannot consent to charge less than  $\frac{1}{2}$  per cent. for 90, and  $\frac{1}{4}$  for 60 days. Your supplementary telegram: Considering liberal provision for advance on remittable securities, and Bank's uniform liberal dealing in respect of advances outside of agreement, I do not feel justified in committing Bank to larger overdraft than tender provides. Cost of telegraphing remittances payable by Government.

Hon. Colonial Treasurer, Wellington.

D. L. MURDOCH.

### No. 23.

The Hon. the COLONIAL TREASURER to the INSPECTOR, Bank of New Zealand.

Wellington, 21st April, 1876.

UNDER existing arrangement, you did not object to Act last Session, and similar power to change

Bank was taken in Act of 1872. To protect you from capricious action, there being now cable communication, we are willing to propose to House next Session to modify the Act of last Session so as to make the Order of the Governor in Council necessary before change of Bank. Hope this will meet your objection. Do not see our way to agree that you should have power to refuse interest at any time. Do not propose by conditions to take power to remove fixed deposits. Such deposits are in the nature of a separate and definite agreement. Sub-clause 10: Accept the compromise you propose. We understood tender, sub-clauses 8 and 9, to mean what you describe. Accept compromise sub-clauses 17 and 18. Sub-clause 19: Willing to agree leave tender as it is, with proviso not to exceed the rates you name—viz.,  $\frac{1}{2}$  for 90,  $\frac{1}{3}$  for 60 days. Relying on your continued willingness to meet requirements of Government outside of agreement, we waive point of increased overdraft. We understand cost of telegraphing remittances payable by Government.

Inspector, Bank of New Zealand, Auckland.

JULIUS VOGEL.

#### No. 24.

The INSPECTOR, Bank of New Zealand, to the Hon. the COLONIAL TREASURER.

Auckland, 22nd April, 1876.

THANKS for your telegram, to terms of which I consent. A fresh tender, with amendments agreed on, will be sent you first opportunity, to which, on receipt, please signify assent. I shall now look for the six months' notice provided for in existing agreement.

Hon. Colonial Treasurer, Wellington.

D. L. MURDOCH.

#### No. 25.

SECRETARY to COLONIAL TREASURER to the CHIEF OFFICER, Union Bank of Australia.

SIR,—

General Government Offices, Wellington, 24th April, 1876.

The Hon. the Colonial Treasurer has directed me to acknowledge his receipt of your letter of the 20th instant, explaining why you "feel precluded from sending an individual tender," on behalf of your Bank, for the General Government account.

J. Palmer, Esq., &c.,

I have, &c.,

E. FOX.

Union Bank of Australia, Christchurch.

#### No. 26.

SECRETARY to COLONIAL TREASURER to the MANAGER, Colonial Bank of New Zealand.

SIR,—

General Government Offices, Wellington, 24th April, 1876.

I have been directed by the Hon. the Colonial Treasurer to acknowledge his receipt of your letter of April 12th, in which you state, on behalf of the Colonial Bank of New Zealand, that "it does not feel justified in tendering singly" for the General Government account.

L. O. Beal, Esq., &c.,

I have, &c.,

E. FOX.

Colonial Bank of New Zealand, Dunedin.

#### No. 27.

SECRETARY to CABINET to the SUPERINTENDENT, Bank of Australasia.

SIR,—

Wellington, New Zealand, 24th April, 1876.

Adverting to my letter of the 6th instant, I have now the honor to transmit the copy of a further correspondence which has taken place between the Colonial Treasurer of New Zealand and the local Inspector of the Bank of Australasia.

I have, &c.,

D. C. McArthur, Esq.,

G. S. COOPER.

Superintendent, Bank of Australasia, Collins Street West, Melbourne.

#### No. 28.

The INSPECTOR, Bank of New Zealand, to the Hon. the COLONIAL TREASURER.

Inspector's Office, Bank of New Zealand,

Auckland, 24th April, 1876.

SIR,—

Referring to my tender dated 13th instant, and to telegrams which have passed between us as to amended terms, I have now the honor to submit the following as the terms which I understand are arranged between us for the transaction of the banking business of the Government on the conditions specified in the *Gazette* notification dated 23rd February, 1876, and embraced in clauses 1 to 24 thereof inclusive, with the amendment published in *Gazette* of 6th April, 1876.

Excepting that as regards sub-clauses 2 and 3 of clause 1, the Bank stipulates that the Government shall propose to the Legislature next Session to modify the Act of last Session so as to make the Order of the Governor in Council necessary to the withdrawal of funds from the Bank for deposit or investment elsewhere, or for any other purpose than the ordinary requirements of the Government. And that in event of the Government deciding to remove from the Bank, under clause 3, sums not

required for ordinary Government disbursement, the balance at credit of the Government shall not then or thereafter be reduced below the amount of unsecured advances which the Bank shall then be under to the Government on Special Account, either in London or in the colony.

Deposits fixed for stated periods under sub-clause 4 of clause 25 are, of course, understood to be exempted from the operation of sub-clauses 2 and 3 of clause 1.

As to the facilities which this Bank can offer for the conduct of the Government business, as referred to under clause 22, I do not think it necessary to do more than refer to the management of the Government business during the last fourteen years, and to assure you that, should our tender be accepted, every effort will be made to render the future as satisfactory as the past.

I append a list of our branches and agencies; and as the Bank is now represented at every important and many unimportant centres of population, it can only further undertake to lose no opportunity of occupying any new position which can offer inducements to the Bank and convenience to the Government.

In regard to terms for the various descriptions of business, as defined in the several sub-clauses of clause 25, I have the honor to quote as follows:—

Sub-clause one (1). Interest at four (4) per cent.

Sub-clause two (2). Interest at three (3) per cent.

Sub-clause three (3). Interest at one (1) per cent. under Bank of England rate.

Sub-clause four (4):—

In London—No additional rate for three (3) months.

For six (6) months, up to one hundred thousand pounds (£100,000), four (4) per cent.

For twelve (12) months, up to two hundred thousand pounds (£200,000), five (5) per cent.

In the Colony—One-half ( $\frac{1}{2}$ ) per cent. above the rates offered by us to the public.

Sub-clause five (5):

Overdraft in the Colony—One hundred thousand pounds (£100,000); or } Either, but  
Sub-clause six (6): } not both.  
Overdraft in London—One hundred thousand pounds (£100,000).

Sub-clause seven (7):

Would not be prepared to advance on Government securities payable in the colony.

Sub-clauses eight (8) and nine (9):

On remittable securities, with power to remit and hypothecate advances up to three hundred thousand pounds (£300,000), either in the colony or in London (but not in both), with a margin of five (5) per cent. of security, calculated at latest market value of same, which margin the Government is to maintain if required, and to be drawn in sums not exceeding two hundred thousand pounds (£200,000) per month.

Sub-clause ten (10):

In the Colony—Six (6) per cent.

In London—Five (5) per cent. per annum, or at one (1) per cent. above Bank of England rate when such rate is in excess of five (5) per cent.

Sub-clause eleven (11):

One (1) month's notice for fifty thousand pounds (£50,000) or over.

Sub-clause twelve (12):

For sixty (60) days' sight drafts, par, and for shorter currencies one-half ( $\frac{1}{2}$ ) per cent. below current rates to the public, but not worse than par.

Sub-clause thirteen (13):

One quarter ( $\frac{1}{4}$ ) per cent. more favourable to the Government than rates to the public.

Sub-clause fourteen (14):

Fifteen (15) days' drafts, par.

Demand drafts, half ( $\frac{1}{2}$ ) current rates.

Sub-clause fifteen (15):

Similar rates to No. 14.

Sub-clause sixteen (16):

One shilling (1s.) per cent.

Sub-clauses seventeen (17) and eighteen (18):

From London—Remittance by telegraph at three (3) days, one (1) per cent., and at fourteen (14) days, three-quarters ( $\frac{3}{4}$ ) per cent.

From the Colony—Remittance by telegraph at three (3) days, two and a half ( $2\frac{1}{2}$ ) per cent., and at fourteen (14) days, two and a quarter ( $2\frac{1}{4}$ ) per cent.

The Bank, however, would stipulate that no remittance by telegraph of more than twenty thousand pounds (£20,000) is to be made in any one month, except with its consent.

Sub-clause nineteen (19):

At three-eighths ( $\frac{3}{8}$ ) per cent. better to the Government than rates current to the public.

But not to be worse to the Government than one-half ( $\frac{1}{2}$ ) per cent. for ninety (90) days, and one ( $\frac{1}{8}$ ) per cent. for sixty (60) days.

Sub-clause twenty (20):

Two hundred thousand pounds (£200,000) per month.

Sub-clause twenty-one (21):

One-quarter ( $\frac{1}{4}$ ) per cent.

Sub-clause twenty-two (22):

One-eighth ( $\frac{1}{8}$ ) per cent.

Sub-clause twenty-three (23):

One-quarter ( $\frac{1}{4}$ ) per cent.

Sub-clause twenty-four (24) :  
One-quarter ( $\frac{1}{4}$ ) per cent.

I have, &c.,

D. L. MURDOCH, Inspector.

See No. 11.

List of Branches and Agencies of the Bank of New Zealand.

No. 29.

The Hon. the COLONIAL TREASURER to the INSPECTOR, Bank of New Zealand.

Wellington, 28th April, 1876.

YOUR amended tender not agree with telegraph correspondence. We did not object to fifteen days' notice you asked in respect to sub-clause 2. We agreed to ask alteration of Act of last Session in respect to sub-clause 3. Tender should therefore condition for fifteen days' notice in respect sub-clause 2; but that the Assembly shall be asked to agree that consent of Governor in Council shall be necessary before change of Bank under sub-clause 3.

Inspector, Bank of New Zealand, Auckland.

JULIUS VOGEL.

No. 30.

The INSPECTOR, Bank of New Zealand, to the Hon. the COLONIAL TREASURER.

Auckland, 29th April, 1876.

DIFFERENCE arose through misunderstanding. I accept your statement of conditions, sub-clauses 2 and 3.

The Hon. Sir Julius Vogel, Wellington.

D. L. MURDOCH.

No. 31.

The INSPECTOR, Bank of New Zealand, to the Hon. the COLONIAL TREASURER.

SIR,—

Inspector's Office, Bank of New Zealand, Auckland, 29th April, 1876.

I have the honor to acknowledge your telegram of 28th instant, notifying that the amended tender sent in by this Bank does not agree with telegraphic correspondence; and that in reference to sub-clause 2 of clause 1 tender should condition for fifteen days' notice before withdrawal of money, and that Assembly shall be asked to agree that consent of Governor in Council shall be necessary before removal of money under sub-clause 3.

To which I replied, also by telegram, that the difference arose through misapprehension, and that I assented to conditions as stated by you, which telegram I now beg to confirm.

I have, &c.,

The Hon. the Colonial Treasurer, Wellington.

D. L. MURDOCH, Inspector.

No. 32.

The INSPECTOR, National Bank of New Zealand, to the Hon. the COLONIAL TREASURER.

The National Bank of New Zealand, Limited, (Inspector and General  
Manager's Office,) Wellington, 25th April, 1876.

SIR,—

I have the honor to acknowledge the receipt of Mr. G. S. Cooper's letter No. 4, dated 21st instant.

2. From the tenor of this communication it is evident that my letter of the 20th instant has been misconstrued. I therefore beg to observe that although your letter of the 4th instant met the objection raised by me as to the term for which the Government account was to be held, it only "dealt with" the inquiries I made by not affording the information as to the normal condition of the account which would materially assist any institution in tendering. I am therefore at a loss to understand the meaning of the concluding sentence of paragraph 2 and the opening sentence of paragraph 3 of Mr. Cooper's letter, wherein he states that "I did not ask for such information."

3. There could be no object in again addressing you after receipt of your letter of the 4th instant, in which you say (*vide* paragraphs 3 and 5) "I am not able to give you any information which would be free from the possibility of misleading you," and "it is impossible to afford information that would at all guide you," as there was nothing contained in the other portions of that letter which could lead me to infer that any further inquiries of a more specific character would be likely to meet with a more favourable response than had those which I had already made.

4. Before concluding I wish to state, in the clearest possible terms, that I desire to conduct any correspondence which may pass between myself, as representing this institution, and the Government, in a spirit of perfect candour and courtesy; and my letter of the 20th instant was intended to be penned in that spirit. If therefore there are any expressions contained in that letter which can be considered as inconsistent with such desire, I have no hesitation whatever in expressing my regret at their use. I disclaim all intention of entering into any political discussion, and I trust that this letter will serve to convince you of my desire that the relations between the Government and this Bank may always be of a friendly character.

I have, &c.,

The Hon. the Colonial Treasurer, Wellington.

THOS. BUCHANAN, Acting Inspector.

## No. 33.

The Hon. the COLONIAL TREASURER to the INSPECTOR, National Bank of New Zealand.

SIR,—

General Government Offices, Wellington, 1st May, 1876.

I have the honor to acknowledge the receipt of your letter of 25th April.

2. I cannot admit that my letter of the 4th April shut you out from making any specific inquiries you desired. I told you, in reply to your request for information to guide you, that I could not give you information which might not mislead you; in other words, I took care to make it clear, that, if you tendered successfully, you would not be able to refuse to meet the requirements of the Government by quoting the general information with which I supplied you. If you did not desire the information to bind the Government in the future, I did not refuse it; and it would have been quite competent to you to have asked for the particulars of the past you desired. As to most of those particulars, however, you could have informed yourself by reference to published documents.

3. I cannot admit that my letter of the 4th prevented your Bank tendering.

4. I am glad to know you disclaim all intention to enter into political discussion: In your former letter, you avowedly entered into such discussion. It is very kind and considerate of you to inform me that you desire to conduct any correspondence you may have with the Government "in a spirit of perfect candour and courtesy."

I have, &c.,

T. Buchanan, Esq., &c., &c.,

JULIUS VOGEL.

National Bank of New Zealand (Limited).

## No. 34.

SECRETARY to CABINET to the INSPECTOR, Bank of New Zealand.

SIR,—

Colonial Secretary's Office, Wellington, 6th May, 1876.

In accordance with the terms of the arrangement under which the banking business of the Government is at present conducted by the Bank of New Zealand, I have the honor, by direction of the Premier and Ministers in Cabinet, to convey to you notice of the intention of the Government to terminate the arrangement now subsisting between the Bank and the Government, at the expiration of six months from this date.

I have, &c.,

The Inspector, Bank of New Zealand,  
Auckland.

G. S. COOPER,  
Secretary to the Cabinet.

## No. 35.

The INSPECTOR, Bank of New Zealand, to the Hon. the COLONIAL TREASURER.

SIR,—

Inspector's Office, Bank of New Zealand, Auckland, 11th May, 1876.

I have the honor to acknowledge receipt on 9th instant of your letter of 6th idem, No. 8, intimating that it is the intention of the Government to terminate the arrangement for conduct of Banking business now subsisting between the Bank and the Government.

I have, &c.,

The Hon. the Colonial Treasurer, Wellington.

JOHN MURRAY, *pro* Inspector.

## No. 36.

SECRETARY to CABINET to the INSPECTOR, Bank of New Zealand.

SIR,—

Colonial Secretary's Office, Wellington, 6th May, 1876.

I have the honor, by direction of the Premier and Ministers in Cabinet, to acknowledge the receipt of your amended tender of the 24th April, 1876, detailing the terms on which the Bank of New Zealand are prepared to undertake the banking business of the Government, on the conditions specified in the *Gazette* notification of the 25th February, 1876, and embraced in clauses 1 to 24 thereof inclusive, with the amendment published in the *Gazette* of 6th April, 1876.

I have also to acknowledge the receipt of your further letter of the 29th of April, in which you express your assent to modifications proposed by the Hon. Colonial Treasurer in your tender.

I am directed to inform you that the Government accept the tender you have made on behalf of the Bank of New Zealand, for keeping the Government Account, on the terms set forth in your letters of the 24th and 29th of April, 1876, above quoted.

I have, &c.,

D. L. Murdoch, Esq., Inspector, Bank of New Zealand,  
Auckland.

G. S. COOPER,  
Secretary to Cabinet.

## No. 37.

The INSPECTOR, Bank of New Zealand, to the Hon. the COLONIAL TREASURER.

SIR,—

Inspector's Office, Bank of New Zealand, Auckland, 11th May, 1876.

I have the honor to acknowledge receipt, on 9th instant, of your letter of 6th idem, No. 7, intimating that the Government accept the tender of the Bank of New Zealand for keeping the Government Account, on the terms set forth in my letters of 24th and 29th April.

I have, &c.,

The Hon. the Colonial Treasurer, Wellington.

JOHN MURRAY, *pro* Inspector.

## No. 38.

The SUPERINTENDENT, Bank of Australasia, to SECRETARY to CABINET.

SIR,—

Bank of Australasia,  
Superintendent's Office, Melbourne, 24th April, 1876.

I have the honor to acknowledge the receipt of your communication of the 6th instant, enclosing copy of a letter addressed to the Colonial Treasurer of New Zealand by this Bank's chief representative in that colony, relative to the tenders called for the conduct of the banking business of the New Zealand Government, and intimating to me that "it would be impossible for this Government to deal with any Bank which allowed its representative to feel himself at liberty to write in such terms."

In reply, I beg to be permitted to state that, after having carefully perused the copy letter enclosed to me, I trust I may be held excused if I fail to comprehend the meaning of the expression, "such terms," in regard to it, and most respectfully request to be informed what portion of the letter the Government takes exception to.

I have, &c.,

D. C. McARTHUR, Superintendent.

G. S. Cooper, Esq., the Office of the Hon. the Colonial Treasurer,  
Wellington, New Zealand.

## No. 39.

SECRETARY to CABINET to the INSPECTOR, Bank of Australasia.

SIR,—

Colonial Secretary's Office, Wellington, 17th May, 1876.

In reply to your letter of the 24th April, I have been directed by the Government to state that, since you are unable to see the impropriety of your representative's letter, they understand that you adopt it, although he has since made an apology for and expressed his wish to withdraw it.

2. No stronger argument against a system of Associated Banks could be found than is supplied by the fact of the Bank which is so intensely anxious for the arrangement, adopting such a tone in addressing the Government. When Mr. Morrah takes upon himself to advise the Government as to the duty they owe to Parliament, and informs them of his views as to the action Parliament will take—when he speaks to the Government of "public policy" and "a spirit of fair dealing," and suggests to them "a slight measure of reparation for injustice done,"—he is either guilty of unwarrantable presumption, or he writes under the idea that the Banks are a distinct "estate" in the country. Under the supposition that the mistake was wholly Mr. Morrah's, complaint was made to you. As you virtually adopt Mr. Morrah's letter, it is evident that you mistake entirely the position your Bank occupies here. There are many institutions in the Colony—as, for example, insurance offices and land companies—possessing large capital: indeed, there are private individuals who have more capital invested in New Zealand than the Bank of Australasia has. The representatives of those institutions, or the private capitalists referred to, would not presume to lecture the Government as your representative has done.

3. I am instructed to inform you that the Government see no reason why your Bank and your representative should be placed upon a different footing from other joint-stock companies, and other persons employed to carry on business.

4. The Government are unable to recognize any claim of your Bank to "reparation," or its right to demand a share of the Government business. The Government conduct the banking business of the colony in the manner which seems to them best calculated to meet the requirements of the public service, and without the desire to render special assistance to any Bank. As to your Bank, or any other, being entitled to particular consideration from the colony, the Government are of opinion that the obligation lies on the other side. The perpetual privileges which Parliament has given to the Banks are extravagantly liberal; and the day will probably come when, on the one side, their enormous value will be recognized, and; on the other, there will be great regret for such liberality. The claims set up by your Bank also naturally suggest how very small is the amount of taxation you pay for all the protection and assistance the laws and the administration afford you, apart from your perpetual privileges.

5. I am to add, that the representatives of the two other Associated Banks which have branches in this colony, though not indisposed to secure a share of the Government business, have adopted a tone very different from that of Mr. Morrah—their letters being business-like, and non-political in character.

I have, &c.,

D. C. McArthur, Esq., &c.,  
Bank of Australasia, Melbourne.

G. S. COOPER,  
Secretary to Cabinet.

By Authority: GEORGE DIDSBUXY, Government Printer, Wellington.—1876.

Price 9d.]