

1892.

## NEW ZEALAND.

PAYMENT OF INTEREST ON LOANS DOMICILED AT  
THE BANK OF ENGLAND

(CORRESPONDENCE AS TO MODIFICATION OF TERMS).

*Return to an Order of the House of Representatives dated 13th July, 1892.*

*Ordered*, "That there be laid before this House a copy of any correspondence which has taken place with the Agent-General respecting an arrangement recently entered into with the Bank of England for the payment of interest on New Zealand loans, and which arrangement it is stated in the Financial Statement involves a further issue of Treasury Bills to the amount of about half a million sterling."—(Hon. Sir J. HALL.)

## No. 1.

The AGENT-GENERAL to the PREMIER.

Westminster Chambers, 13, Victoria Street, London, S.W.,

27th October, 1891.

(No. 1,753.)

*Bank Orders.*

It has been the practice of the Treasury in preparing the bank orders for the amounts of interest and Sinking Fund payable through the Crown Agents to make the date at which the amounts are to be paid over to the Crown Agents one day prior to that on which such interest and Sinking Fund is actually due.

But in the case of the payments of interest on the loans domiciled at the Bank of England it is only necessary to pay the amount on the tenth day before the interest is due; but the bank orders for the same, as sent from the Treasury, are made payable on dates prior to that day.

For instance, as regards the payment to the Bank of the amount of interest (£52,676 5s.) due on the 15th of this month, the bank order was made payable on the 3rd, whereas it was not absolutely necessary to pay the amount to the Bank until the 5th; and, as regards the amount (£491,285 2s.) of interest due on the 1st November, the bank order was made payable on the 20th October, instead of on the 22nd.

As the amount of interest allowed by the Bank of New Zealand on balances of such large amounts is of some consequence, it has been the practice here to request the Bank of New Zealand not to pay the amounts until the correct date of payment.

But I venture to suggest that it would be more in order, and would prevent the possibility of payments being made before they are due, if the proper dates were given in the bank orders when issued from the Treasury.

Similar remarks to the above are applicable also to the payment of interest due to the Colonial Bank of New Zealand, in which case it is only necessary to make the bank orders payable on the actual due date of payment.

Considering that sums aggregating over a million and a quarter are now payable in each year to the Bank of England, it might be desirable when approaching the Bank with respect to the reduction of the charge made for the management of the New Zealand Public Debt domiciled thereat to endeavour to make an arrangement so that the amounts of interest need not be paid until, say, the day before the interest becomes due, as is the case with the Crown Agents. The fact that the Bank holds in deposit the £800,000 guaranteed debentures, and also has the custody and the discounting of the drafts remitted from the colony, ought, I consider, to be sufficient assurance that the money will be available when required without enforcing the obligation to pay it over to the Bank ten days before it is wanted.

The Hon. the Premier, Wellington.

WALTER KENNAWAY.

## No. 2.

(No. 61.)

The PREMIER to the AGENT-GENERAL.

SIR,—

Premier's Office, Wellington, 21st December, 1891.

I have the honour to acknowledge the receipt of Mr. Kennaway's letter of the 27th October, No. 1,573, regarding the dating of bank orders.

With respect to the practice of making the bank orders payable a day before the interests is due, I have to refer you to "The Public Revenues Act, 1891," section 61, which you will