

REPORT.

THE Committee appointed to inquire into and report upon the Bank of New Zealand Estates Company and its relation with the Bank of New Zealand, to inquire how, in the colony's interest, the two institutions can best be separated, and how the earning-power of the Bank of New Zealand may be increased, its stability insured, and its usefulness extended, have the honour to report as follows :—

Before proceeding to investigate the several matters referred to it by both Houses of Parliament, your Committee received from the Colonial Treasurer the following letter, addressed to him by the directors of the Bank of New Zealand, which explains why Parliament has been called upon to deal with the question :—

“ SIR,—

“ Bank of New Zealand,

“ Wellington, 17th August, 1895.

“ I have the honour to quote, for your information, the following minute passed by the Board of the bank at a meeting held this morning :—

‘ Parliamentary Committee to inquire into the affairs of the Bank of New Zealand Estates Company and the Bank of New Zealand, with a view to separating the Estates Company from the bank, and increasing the earning-power of the bank.

‘ Resolved, To place on record that it was the desire and expressed wish of the directors, made at a conference with Ministers, that this Committee of both Houses should be appointed.’

“ I have, &c.,

“ W. WATSON,

“ President.”

“ The Hon. the Colonial Treasurer, Wellington.

Your Committee have, since appointment, been continuously and carefully engaged in going into the several matters referred to, and have had before them the President of the bank, Mr. Watson; all the directors of the Bank of New Zealand; the Auditor of the bank, Mr. Butt; Mr. Foster, the general manager of the Estates Company; Mr. Lyon, until recently employed as manager of several of the properties of the Estates Company; Mr. McKerrow, Land-purchase Inspector; Mr. McGowan, Commissioner of Taxes; and Mr. Cuff, Accountant of the Estates Company.

Your Committee have had before them balance-sheets of the Bank of New Zealand, balance-sheets of the Estates Company and of the Auckland Agricultural Company, combined balance-sheets and statements concerning the business of the bank and of the Assets Company, which are appended to the report.

Your Committee find that the present directors of the bank are not responsible for the present unsatisfactory condition of affairs. The Committee consider that the present directors have acted efficiently since they took office, and have candidly and fully given every information to the Committee.

There is a deficiency in the bank of £376,900, and a contingent dependency of £200,000.

There is a deficiency of £467,077 in the Estates Company, against which no assets exist, and a further deficiency of £444,601 in trading concerns, and properties outside New Zealand. These altogether amount to £1,488,578. Of this sum, £148,110, though shown as a liability, is really a debt due by the Agricultural Company, and represented by assets. Deducting this from the aforesaid sum of £1,488,578, there remains £1,340,468. This is provided for as follows :—

Capital, bank ...	...	...	...	...	...	...	900,000
Estimated amount of call made ...	...	...	...	...	...	...	450,000
							£1,350,000

leaving a balance of £9,532, which goes to a dependency account.

Your Committee are of opinion that, in the present financial circumstances of the colony, and taking into consideration the financial position of the Australian Colonies, and also considering the magnitude of the interests, both public and private, which are involved, as well as the widespread disaster that would follow should the bank be compelled to suspend operations, the colony should render such assistance to the bank as will restore confidence, insure stability, and enable it to carry on its business in a satisfactory and profitable manner. The Committee is of opinion that any assistance should be of an effective and definite character.

In support of the Committee's opinion, it may be stated that it has been found that, apart from any indirect injury to the country, the following interests would be directly affected by any disaster to the bank.

As will be seen from returns annexed, there were on the 31st March, 1895, in New Zealand, the other colonies, and London, deposits in the Bank of New Zealand to the number and amount as follows :—

New Zealand ...	...	35,110	depositors, representing	£5,032,900
Other colonies ...	...	2,839	"	530,223
London ...	...	3,351	"	1,578,632
Totals ...	...	41,300		£7,141,755

This includes Government deposits amounting to £1,145,396.

The total number of advances by the bank on the 31st March, 1895, and the amount of same in New Zealand, the other colonies, and in London, were as follows :—

New Zealand ...	...	15,593	advances, amounting to	£5,428,222
Other colonies ...	...	1,277	"	£1,463,516
London ...	...	137	"	300,915
Totals ...	...	17,007		£7,192,653