SESS II.—1891.
NEW ZEALAND.

BANKING ACCOUNT OF THE COLONY

(CORRESPONDENCE RELATING TO APPLICATION FOR A SHARE OF THE).

Laid on the Table by the Hon. J. Ballance, with the Leave of the House.

Mr. H. MACKENZIE to the Hon. the COLONIAL TREASURER.

The Colonial Bank of New Zealand,
Head Office, Dunedin, 25th March, 1891.

SIR,—

1. I have the honour to lay before you, for the favour of your consideration, the request of this Bank to receive an appointment as one of the Government bankers, with a share of one-half, or at least one-third, of the Government banking accounts and financial operations under "The Public Revenues Act, 1878," and amendments.

2. This request I submit on the following bases:—

1st. On the fact that we are now the only thorough colonial bank doing business in this colony: our affairs being directed in the colony; our shareholders being almost entirely resident in the colony; our assets being wholly used in promoting the interests and industries of the colony; our profits being divided in the colony.

2nd. On the position to which we have now attained: Our assets being (as will be seen from the statement I have the hononr to attach hereto) in excess of three and a half millions sterling; and the security we offer to the public being more than two millions sterling in excess of the liabilities we owe to the public.

3rd. Because, as can be seen by reference to the more recent quarterly banking returns published by the Treasury, we now, in bulk of business done in the colony, take place prior to any of the Australian banks.

4th. Because we have complete machinery for carrying on any banking business that the Government may be pleased to give us, in the colony, in London, and elsewhere.

3. In further support of this application I would venture to refer to the Hon. the Colonial Treasurer's memorandum which was laid before Parliament on the 20th August of last year, where it is shown that, after the Government had been unable to obtain the necessary funds, we, on being applied to, furnished the sum of £700,000 in London; and did so, although the emergency was an unusual one, at the even rate of 5 per cent. per annum, which was more favourable than the usual terms for such business. Through this operation we enabled the Government, among other things, by holding over the loan then in prospect, to obtain a much better price than if they had been obliged to force it then on the market.

4. In the event of this application meeting with your consideration and approval, I would venture, with deference, to suggest for your further consideration that, if you elect to divide the Government account between the present Government bankers and us, in order to facilitate the matter, the arrangement might be as follows:—

As regards—

1st. The mere question of division of account: The different departmental accounts of the revenue, the Railways, Post Office, Government Insurance, Public Trustee, together with the various disbursement, imprestees', and all other colonial accounts, to be allocated as to their various deposits and remittances to and from banks in Wellington, so that some departments doing business with one bank, and some with the other bank, the business to be transacted with each bank will be about the same;

2nd. The Government remittances to London: To be equally divided between the two banks;

3rd. The New Zealand Public Account and the Foreign Imprest Account: To be divided according to the convenience of the Commissioners and Agent-General, and the funds kept, as far as possible, equally between the two banks.