1914.

NEW ZEALAND.

BANK OF NEW ZEALAND:

AGREEMENT RELATIVE TO BANKING BUSINESS WITH THE GOVERNMENT.

Laid on the Table of both Houses of the General Assembly by Command of His Excellency.

Banking Business of the Government.

Articles of agreement made this thirtieth day of October, one thousand nine hundred and fourteen, between the Honourable James Allen, Minister of Finance of the Dominion of New Zealand, and a member of the Executive Council thereof, of the one part, and the Bank of New Zealand of the other part: Whereas by the twenty-fifth section of the Public Revenues Act, 1910, it is enacted that the Treasury may from time to time agree with any bank upon terms and conditions for the receipt, custody, payment, and transmission of public moneys, within or without the Dominion, and for advances to be made under the authority of or by virtue of any Act of the Parliament of New Zealand, and for the charges in respect of the same; and for the interest payable by or to the bank upon balances or advances respectively; and generally for the conduct of the banking business of the Government: And whereas proposals have been made by the Treasury to the Bank of New Zealand for carrying on the banking business of the Government of New Zealand under the provisions of the hereinbefore-recited Act, and such proposals have been accepted by the said bank:

Now, therefore, the said James Allen, as Minister of Finance aforesaid, hereby agrees with the Bank of New Zealand and the bank hereby agrees with the Treasury as follows, that is to say:—

1. For the purposes of this agreement the following terms and expressions shall have the meanings hereby assigned to them, unless there be something in the context repugnant thereto:—

   "The Government" means the Government of the Dominion of New Zealand.

   "The Treasury" includes the Minister of Finance for the time being of the said Dominion, and any member of the Executive Council for the time being acting as or for the Minister of Finance.

   "Treasury Regulations" means any regulations made by the Governor in Council and for the time being in force under the Public Revenues Act, 1910.

   "The Bank" means the Bank of New Zealand, and includes the office of the Bank carrying on business in London.

As to Deposits.

2. All moneys paid to the Government shall, subject to the terms of this agreement, be deposited with the Bank: Provided—

   (1.) That whenever the balance at credit of the Public Account or the New Zealand Public Account, either alone or taken together, shall exceed £300,000, the Treasury shall at any time be at liberty to invest such excess in interest-bearing securities, or in fixed deposit with any bank, but no such investment or deposit shall be made at any other bank unless at a higher rate of interest than that which the Bank is prepared to pay; and

   (2.) Further that the Treasury shall have the like powers of investment in respect of all or any part of the moneys at credit of any other Government account.

3. The Bank shall at each of its branches accept deposits of any amount for credit of the Public Account, the Receiver-General's Deposit Account, the Post Office Account, the Government Insurance Account, the Public Trustee's Account, and such other accounts as may be required by the Treasury; and shall, for every sum deposited, give a receipt in form as may be prescribed by the Treasury.

But special sums accruing from the sale of securities or otherwise, and not forming part of the consolidated revenue of the Dominion, shall be lodged only at the Wellington or London office of the Bank, unless the Bank shall consent to receive them at some other office.

4. All deposits made for credit of any Government account at branches of the Bank within the Dominion shall be transferred to the credit of the appropriate Account at Wellington, at the close of business on the last day of each of the accounting periods as specified in the Treasury Regulations, unless for special reasons such transfers shall require to be made on some other day, in which case they shall be made as the Treasury shall direct: provided that all such deposits may be transferred daily if so required by the Treasury.

5. The Bank shall, at its London branch, receive deposits of any amount for credit of the New Zealand Public Account, the Foreign Imprest Account, or such other accounts as may be required, and shall give receipts for all such deposits in such form as may be prescribed by the Treasury.

6. All moneys at credit of the New Zealand Public Account, the Foreign Imprest Account, or the account of any person acting as an Agent for the Government in London shall bear interest at the rate herein agreed upon.

7. The Bank shall, on demand made by the Treasury, transfer to the Public Account, the New Zealand Public Account, the Post Office Account, or such other account as may be required, any moneys standing to credit of the official account of any public officer, either in the Dominion or in London.

8. The Bank shall furnish to the Receiver-General, to the Postmaster-General, to the Government Insurance Commissioner, the Public Trustee, or to such other officer as may be specified by the Treasury, such periodical statements of the deposits, transfers, and operations at its several branches in the Dominion and in London as the Treasury, the Postmaster-General, or the Controller and Auditor-General, or Audit Officer in London may respectively require. The Bank shall also furnish to the Treasury or the Controller and Auditor-General 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.

As to Disbursements, etc.

9. The Bank shall transfer, free of charge, from any Government Account at Wellington such moneys as may be required, and shall place the same to the credit of an appropriate Disbursement Account at such of its branches within the Dominion as may be directed by the Treasury, and shall pay all cheques drawn thereon in accordance with the form of advice transmitted in each case and with the Treasury Regulations in that behalf.

10. The Bank shall transfer, free of charge, from the Post Office Account to credit of the deposit accounts of Chief Postmasters at its branches within the Dominion, such moneys as from time to time may be required by the Postmaster-General to be so transferred by cheque drawn by him on the Post Office Account at Wellington.

11. The Bank at any of its branches within the Dominion shall honour, free of charge, sight-drafts of the Postmasters, or other Government officers approved by the Treasury, drawn on the Postmaster-General or Paymaster-General, as the case may be.

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

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

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

15. The Bank shall, at any of its branches within the Dominion, receive deposits for credit of the Imprestees of the Government, or for credit of special deposit accounts of officers of the Government, and shall honour the cheques of such Imprestees or officers, as the case may be, and furnish such periodical statements of accounts as the Treasury Regulations may require or the Treasury or Controller and Auditor-General may direct.

As to Charges and Interest.

On Deposits.

16. The Bank will allow interest on deposits at the rates following—that is to say,—

(1.) On so much of the total daily balances of all Government accounts at Wellington, exclusive of accounts for funds appropriated for disbursement, as shall not exceed in the aggregate £400,000, at the rate of 2 per cent.; and on the excess above £400,000 up to £1,400,000, at the rate of 1 per cent.—calculated on the minimum weekly balance.

(2.) On the aggregate of the daily balances of the New Zealand Public Account and the Foreign Imprest Account of the New Zealand Government in London, at the ruling rate of the London Discount-houses for money at fourteen days' notice. Interest on sums deposited to be reckoned from the day subsequent to each deposit:

Provided that no interest shall be paid under this provision exceeding the rate of 4 per cent., and that the Bank shall have the option of declining to pay interest on London balances in excess of £400,000.

(3.) On fixed deposits made—

At the Bank at Wellington, or at any of the branches of the Bank in the Dominion, at such rates as may be mutually agreed upon from time to time:

At the London branch of the Bank, at such rates as may be mutually agreed upon from time to time between the High Commissioner and the Bank. No deposit shall be placed with any other bank unless such other bank agrees to pay a higher rate of interest than the London branch is prepared to pay.

(4.) The interest on the current account balances in both the Dominion and London is to be calculated and credited to the Public Account at Wellington and London respectively half-yearly on the last days of March and September. The interest on deposits made for fixed periods is to be paid at the end of each period for which the deposit has been fixed.

On Advances.

17. The Bank will be prepared to make advances to the Government, either in the Dominion or in London, or in both, of such amounts and on such terms as to currency, rate of interest, security, &c., as shall be mutually agreed upon from time to time between the Government and the Bank.

18. Whenever the Government has obtained advances from the Bank under this agreement, the Government shall not be at liberty to place any sums of money on deposit with other banks so long as such advances remain unpaid, and any sums previously so deposited shall, on maturity of the deposits be placed with the Bank, if the Bank so requires.

19. The Government shall not obtain advances from or through any other bank, except upon failure to obtain the amount required from or through the Bank at a rate of interest considered by the Government to be reasonable.

But this provision shall not apply to any advances which the Government may obtain in London.

Remittances by Post and Wire.

20. The Bank will make—

(1.) Remittances within the Dominion by post or wire free of charge:

(2.) Transfers to and from London at a concession of $\frac{1}{8}$ per cent. on the best rate conceded to the public, but not to be below par:

(3.) Remittances from New Zealand to the Australian States (other than Queensland and West Australia), or *vice versa* at $\frac{1}{8}$ per cent. premium. To Queensland or West Australia, or *vice versa* at $\frac{1}{4}$ per cent. premium.

21. On all cheques of private persons paid into a Government account and drawn on some other place than that at which they are paid in the Bank will receive exchange at the then current rate.

As to Payment of Debentures and Interest.

22. The Bank will, if required, pay at any of its branches Treasury bills, debentures, or coupons for interest payable in London or Australia at $\frac{1}{8}$ per cent. commission; and in New Zealand free of commission.

Miscellaneous Provisions.

23. This agreement may be determined by either the Treasury or the Bank at any time on giving six calendar months' notice in writing to that effect.

24. Nothing in this agreement shall be deemed to prejudice any right or power which the Governor in Council or any Commissioners appointed by him may have under the seventy-first section of the Public Revenues Act, 1910; nor shall this agreement prevent the Treasury from obtaining an Order in Council authorizing the withdrawal of all or any part of the moneys lying to the credit of the Government in the Bank within the Dominion should it at any time consider the position of the Bank unsafe.

25. This agreement is to be deemed to have taken effect as from 1st August, 1914.

Signed by the said James Allen, in the presence of—
G. F. C. Campbell,
Secretary to the Treasury, Wellington.
} J. Allen.

The common seal of the Bank of New Zealand was hereunto affixed, pursuant to an order of the Board of Directors, in the presence of—

R. W. Kane,
W. Watson,
M. Kennedy,
J. H. Upton,
} Directors.
W. Callender, General Manager.

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Approximate Cost of Paper.—Preparation, not given; printing (650 copies), £2 10s.

By Authority: John Mackay, Government Printer, Wellington.—1914.

Price 3d.]