

proposed transfer was nominally agreed to,—that is to say,—it continues to be treated as it always has been, since its removal to Wellington, as if it were a Sub-Treasury account.

I have alluded to a few of the many instances which might properly be adduced of the unsatisfactory nature of the Banking arrangements of the Government with the Bank of New Zealand, but as I do not desire at present to prolong this correspondence, I now accept the proposal of the Bank.

In accordance with the understanding when this correspondence was initiated, the proposals of the Bank will be reckoned as having effect from the date of your letter on the 16th December, in which they were conveyed.

I have, &c.,

E. W. STAFFORD,
Colonial Treasurer.

The Inspector of the Bank of New Zealand, Auckland.

No. 23.

Copy of a Letter from the INSPECTOR of the BANK OF NEW ZEALAND to the HON. the
COLONIAL TREASURER.

SIR,—

Inspector's Office, Bank of New Zealand, Auckland, 21st April, 1866.

I have the honor to acknowledge receipt of your letter of 13th instant, No. 507, in which you express your disappointment that the Bank has not acceded to your proposals, and, after remarking on some of the more objectionable parts of the existing arrangements, you accept the proposal of the Bank, not desiring at present to prolong the correspondence, and intimate that they will be reckoned as having effect from 16th December, the date of my letter in which they were conveyed.

It is a matter of regret to the Directors that their efforts to answer the demands of the Government, and on terms which they believe will contrast favourably with those on which neighbouring Governments obtain advances, have not met your approval; and that you fail to see the justice of the principle on which they decline to allow interest on casual credit balances equal to that charged for specific advances. I trust, on re-consideration, the proposals of the Bank will be deemed just and reasonable. The Directors, in absence of your acceptance of their proposals, had not reckoned on your claiming that they should take effect from 16th December, but from the date on which you might accept them. I am instructed, however, to respond to your desire by conceding the point.

I have, &c.,

D. L. MURDOCH,
Inspector.

The Honorable the Colonial Treasurer, Wellington.
