

1873.

NEW ZEALAND.

THE BANKING ACCOUNT.

(CORRESPONDENCE BETWEEN THE GOVERNMENT AND THE BANK OF
NEW ZEALAND.)

Return to an Order of the House of Representatives, dated 22nd July, 1873.

“That there be laid upon the Table, Copy of all Correspondence that has taken place during the recess, between the Government and the Bank of New Zealand, on the subject of the Banking Account.”—(Mr. Swanson.)

No. 1.

MEMORANDUM No. 7, by Mr. BATKIN.

Treasury, Wellington, 15th January, 1873.

THE attention of the Manager of the Bank of New Zealand is called to the delay which takes place in the transfers of balances from the local branches of the Public Account to the Public Account at Wellington.

The subjoined statement of the sums credited to the Public Account on the 11th instant, shows likewise the date at which the relative returns of the several branches were received in the Treasury; and assuming that the transfer advices reached the Bank at the same time (as, unless through the negligence of the Bank officers they should have done), it will be observed that the sums transferred have not been credited to the Public Account until, in the majority of cases, three days, in many four, in some five, and in one case, twelve days after the receipt of the advice; while, out of the whole number of sums transferred on the 11th (forty-six in all), only four are credited on the same, or, in other words, on the proper date.

I may point out that in the majority of cases the sums are for lodgments made at the local branches up to the 28th December, and had the several transfers been credited at the proper date, the Bank would have had the advantage of some ten days' interest, represented by the course of post. On sums so considerable as those which are constantly *in transitu*, this course of post occasions a sufficient loss of interest to the Colony, while a corresponding advantage accrues to the Bank. These circumstances are, however, the result of specific arrangement; and so long as that arrangement is adhered to, its result affords no cause of complaint.

But in the instance under notice, it is evident that the ordinary loss of interest has been aggravated by a want of punctuality on the part of the Bank, and I have called your attention to the point, not only on that ground, but because it imposes great labour on this department to reconcile the discrepancies, arising from this cause, between the revenue accounts as prepared in this office from the local returns, with the cash receipts as credited by the Bank at Wellington.

C. T. BATKIN,

Secretary to Treasury.

The Manager, Bank of New Zealand, Wellington.

No. 2.

MEMORANDUM by Mr. BRIDGES.

Bank of New Zealand, Wellington, 16th January, 1873.

THE Manager of the Bank of New Zealand, in reply to Mr. Batkin's Memorandum of yesterday's date No. 7, begs to say that a departure in the way indicated in the Memorandum from the practice hitherto adopted, of passing the entries in question once a week instead of from day to day, as advice is received, and which is now for the first time objected to by the Treasury, will so seriously inconvenience the Bank that he cannot accede to it without the sanction of the Inspector of the Bank, to whom copies of the correspondence will be sent should Mr. Batkin persist in his request.

J. BRIDGES, Manager.

The Secretary to the Treasury.

No. 3.

Mr. BATKIN to Mr. WOODWARD.

MR. WOODWARD,—

21st January, 1873.

Will you be good enough to state whether the habit into which the Bank appears recently to have fallen, of crediting the transfers from local branches weekly instead of daily, has ever been sanctioned by the Treasury.

C. T. BATKIN.

No. 4.

Mr. WOODWARD to Mr. BATKIN.

MR. BATKIN,

21st January, 1873.

So far from acquiescing or even knowing of such an arrangement as that referred to herein, it occurred only recently that I called the attention of Mr. Bridges to the fact that returns arriving on Saturday were sometimes not credited till Monday, when he at once admitted it was an irregularity, and it did not occur again. If the credit has only been given weekly, it has escaped notice through amounts lodged by local receivers having appeared in the pass book after the entries of transfers from other branches.

J. WOODWARD.

No. 5.

Mr. BATKIN to the Hon. the COLONIAL TREASURER.

Treasury, 21st January, 1873.

I SUBMIT that the bank should be required forthwith to credit to the Public Account all sums transferred to that account from the local branches.

I am quite unable to see the necessity for the sanction of the Inspector being obtained by the Local Manager before fulfilling an obligation so obvious.

C. T. BATKIN.

The Hon. Colonial Treasurer.

No. 6.

The Hon. Mr. WATERHOUSE to the MANAGER, BANK of NEW ZEALAND.

SIR,—

Treasury, Wellington, 23rd January, 1873.

My attention has been directed to a Memorandum from yourself to the Secretary of the Treasury, dated 16th inst., in which you state that the passing to the credit of the Government of remittances as daily received will so inconvenience the Bank that, without the sanction of the Inspector, you cannot accede to the requirement of the Treasury.

On inquiry, I find that the existing practice is a recent departure from the mode in which the Government account was originally and for many years kept; that it is not contemplated by the agreement which regulates the keeping of the account; and that it has never been sanctioned by the Government. I need scarcely add that it is in direct opposition to the mode in which the accounts of private individuals are kept at the Banks, and that it acts adversely to the Government.

I feel it, therefore, my duty to inform you that the Government will be forced to regard your failing to comply with the requirement of the Treasury, as a breach of that agreement under which its banking account is kept with your Bank.

I have, &c.,

G. M. WATERHOUSE,

The Manager, Bank of New Zealand, Wellington.

(in the absence of Mr. Vogel).

No. 7.

Mr. S. S. REVANS to the Hon. the COLONIAL TREASURER.

SIR,—

Bank of New Zealand, Wellington, 24th January, 1873.

I have the honor to acknowledge the receipt of your letter No. 103, dated 23rd instant, on the subject of passing remittances to the credit of the Public Account, and in reply, to inform you that the Bank will, for the future, carry out the wishes of the Government, and pass the amounts to credit as the advices are received.

I have, &c.,

SAMUEL S. REVANS,

The Hon. the Colonial Treasurer.

Acting Manager.

No. 8.

The Hon. Mr. WATERHOUSE to the MANAGER, BANK of NEW ZEALAND.

SIB,—

Treasury, Wellington, 10th February, 1873.

I have the honor to call your attention to the manner in which the banking account of the Government is being conducted, in the hope that my representations may lead to a removal of existing causes of complaint.

I will briefly refer to the various matters that, in the course of the few days during which I have had the conduct of the Treasury, have come under my notice,—

1. Without drawing the attention of the Government to the change, an alteration was made in the mode of crediting the Government with the moneys received on its behalf, of a most exceptional and objectionable character, whereby the Government was liable to be deprived of interest to which it would otherwise be entitled.

2. An arrangement was made with the Bank for the payment in Adelaide of the amount due upon telegraphic messages to New Zealand, the Bank receiving, in consideration of exchange and commission, a sum of 2 per cent. upon the amount paid. It is found, however, that in addition to this amount, the person to whom the payment was made in Adelaide has been called upon to pay a further sum of 1 per cent. for exchange.
3. A sum of £12,525 was remitted by the Bank on 1st August, 1871, to its London office, for payment of interest and sinking fund due in November. This amount was not required for the purpose for which it was remitted, and on 12th June last it was carried to the credit of the General Government account. For a period of seven months and twelve days the Bank availed itself of the use of this money, and up to the present time, upon a technical plea, has refused to credit the Government with the interest to which, under the agreement, it is entitled.
4. In August, 1870, an amount of £1,162 10s. was paid to the Bank of New Zealand, to meet payments due in London in October of that year. This amount was, it seems, in excess of the amount required by £214 10s. This balance was recredited the Government on 24th April, 1872. Meanwhile, a precisely similar payment of £948 fell due. For this full amount the Bank, under the arrangements then in force, debited the Government with interest, although at the time the aforesaid sum of £214 10s. belonging to the Government, was lying in its coffers. This surcharge of interest has never been remitted.
5. On the 1st October, 1872, the Bank paid, on behalf of the Government, interest on certain bonds to the amount of £948. Prior to this the Bank was, on the 15th March, informed that the Agent-General had been instructed to provide the Bank with the moneys necessary to make the payment. From some oversight this was not done. The Bank, in place of reminding the Agent-General of the oversight, made the payment, and afterwards, under an old agreement, made a charge of £32 12s. 8d. for interest and exchange. Their legal right to make the charge is not called in question, but the proceeding itself is of a character unusual with Banks having a reputation for liberality.

Some of these matters have already been the subject of correspondence, and indeed the requirement of the Government, as regards the first point, has already been given effect to. I cannot, however, but express my regret that, during the very short time I have been associated with the Treasury, so many causes of complaint should have come to my knowledge.

The Manager, Bank of New Zealand, Wellington.

I have, &c.,
G. M. WATERHOUSE.

No. 9.

Mr. S. S. REVANS to the Hon. the COLONIAL TREASURER.

SIR,—

Bank of New Zealand, Wellington, 11th February, 1873.

I have the honor to acknowledge the receipt of your letter No. 183, dated 10th instant, in which you recapitulate certain points connected with the conduct of the Government business by this Bank, as to which you think the Government has cause of complaint against the Bank.

As these matters have already, at various times, been subjects of separate correspondence between the Government and the Bank—as some have been already adjusted, either before or immediately after their being brought under the Bank's notice, and others arise out of differences of opinion and are now in course of arrangement—I assume it to be unnecessary to make any detailed observations upon them herein, but beg to reply generally, that the contents of the letter which I have now the honor to acknowledge shall receive every attention from the Bank.

I have, &c.,
SAMUEL S. REVANS,
Acting Manager.

The Hon. the Colonial Treasurer, Wellington.

No. 10.

Mr. J. WOODWARD to the MANAGER, BANK OF NEW ZEALAND.

SIR,—

Treasury, Wellington, 1st November, 1872.

I am instructed by the Colonial Treasurer to forward you herewith a copy of "The Public Revenues Act, 1872," and to call your attention to section 3, and also to the altered form of the Schedule.

You will perceive that to carry out the Act there will require to be a separate account opened, under the designation of the "Public Account," at every branch or agency of your Bank in which payments may require to be made. The same rule will also apply to your own Bank, as the form of order (copy of which I also enclose) treats the Bank in Wellington, for this purpose, the same as the branches elsewhere. In short, the Paymaster-General's Account, as kept hitherto, will now be superseded by the Public Account already referred to, which, for the sake of distinction, I suggest might have the additional designation of "Disbursement Account."

I have, &c.,
J. WOODWARD,
Assistant Treasurer.

The Manager, Bank of New Zealand, Wellington.

Branch.	Period.	Date received in Treasury.	Amount.	Number of Days delayed.
Ngaruawahia ...	December 21	January 7	£ 5 5 6	Four.
" ...	" 28	" 7	3 13 2	
Grahamstown ...	" 21	" 7	417 4 8	Four.
" ...	" 28	" 7	301 13 0	
Coromandel ...	" 21	" 7	10 2 8	Four.
" ...	" 28	" 7	16 5 8	
Napier ...	" 28	" 7	1,437 9 4	Five.
Nelson ...	" 28	" 6	352 14 4	
" ...	January 4	" 7	1,733 18 8	Four.
Picton ...	" 4	" 6	194 15 9	Five.
Lyttelton ...	" 4	" 7	217 16 10	Four.
Christchurch ...	" 4	" 7	3,643 18 1	
Invercargill ...	December 28	" 7	528 12 10	Three.
Riverton ...	" 28	" 8	95 17 2	
Dunedin ...	" 28	" 7	3,420 4 8	Four.
" ...	January 4	" 7	4,441 13 2	
Queenstown ...	December 28	" 7	23 14 8	Four.
Waikouaiti ...	" 28	" 7	1 19 0	
Lawrence ...	" 28	" 7	21 2 6	Twelve.
Manuherikia ...	" 28	" 7	4 7 6	
" ...	" 31	" 7	0 10 6	Twelve.
Cromwell ...	" 14	December 30	11 15 0	
" ...	" 28	January 7	7 18 6	Four.
Teviot ...	" 28	" 7	4 12 0	
Mount Ida ...	" 28	" 7	11 3 0	Four.
Palmerston ...	" 28	" 7	3 14 8	
Arrowtown ...	" 28	" 7	11 6 6	Five.
Hokitika ...	" 28	" 7	784 8 4	
Charleston ...	" 21	" 6	18 17 8	Four.
" ...	" 28	" 7	11 9 8	
Ross ...	" 28	" 7	6 6 0	Five.
Greenstone ...	" 28	" 7	0 4 0	
Westport ...	" 21	" 6	595 8 0	Five.
" ...	" 28	" 7	502 5 10	
Greymouth ...	" 28	" 7	645 16 5	Four.
Oamaru ...	" 28	" 7	121 12 5	
Tokomairiro ...	" 28	" 7	36 6 0	Four.
Clutha Ferry ...	" 28	" 7	4 5 6	
Timaru ...	" 28	" 7	180 6 2	None.
Greytown ...	January 4	" 7	12 14 8	
New Plymouth ...	" 4	" 11	264 1 10	None.
" ...	" 4	" 11	4 8 6	
Wanganui ...	" 4	" 11	605 17 3	Four.
Auckland ...	December 21	" 7	4,911 2 5	
" ...	" 28	" 7	5,135 14 2	None.
Wellington ...	January 11	" 11	3,682 8 2	
			£34,447 2 4	